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A Study Of Performance Measurement Practices In Northern Nigerian SMEs

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A STUDY OF PERFORMANCE MEASUREMENT PRACTICES IN NORTHERN
NIGERIAN SMEs

by

Sunny Stephen Akpabot

A thesis submitted in partial fulfilment of the University for the Degree of Doctorate of
Philosophy (PhD)

School of Strategy & Leadership
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JUNE 2016

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ABSTRACT

Purpose – to examine and evaluate the application of performance measurement (PM) practices and systems within manufacturing SMEs in Northern Nigeria in order to develop an original performance measurement framework that can be effectively applied to support firms in achieving their business objectives.

Design/Methodology/Approach – This study first carried out a review of literature from 1994-2013. Covering a period of 19 years was selected for effective scrutiny of the current and past SMEs' performance as a point of synthesis. It subsequently presents an empirical case study carried out in Northern Nigeria from survey and interview questionnaires with the SMEs' owners and managers within this region.

Findings – The findings indicate the importance of SMEs using PM (Performance Measurement) Systems to measure and improve business performance. Based on the analysed data from the survey and interviews conducted, the results suggest that some SMEs used PM Systems to measure business performance and set-out objectives while many do not for various reasons. The results linked with earlier findings from the reviewed literature and shed more light into why many SMEs in Nigeria failed after few years. The data also revealed many of the SMEs do not have or use any kind model or framework within their business to monitor business performance and set objectives, and some do not have the resources such as expertise and knowledge for PM System implementation management. These disclosures and the review of available performance model/framework led researcher to develop a simplistic performance framework for the SMEs to measure and improve business performance. The research finished with recommendation for SMEs managers and owners.

Originality/Value –Though a lot has been written on SMEs' performance measures and management, many of those publications and investigations are centred on developed economies such as America and UK; few studies have been conducted in Africa and the sub-Saharan region to rigorously outline some of the key factors that impact SMEs' growth in that region. In that context, this study provides realistic evidence regarding SMEs' performance measurement practices, systems, models management within the research location. The results provide evidence and reasons for SME failures and offer strategic direction for SMEs' improvement and growth with the newly developed model.

Keywords: Northern Nigeria; SMEs Performance; Measurement Practices: Performance Measurement Systems (PMS)

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List of Acronyms

Abbreviation	Meaning
SME	Small and Medium Sized Enterprise
PMSs	Performance Measurement Systems
WCM	World Class Manufacturing
MIS	Management Information System
EFQM	European Foundation for Quality Management
RADAR	Results Approach Deploy Assessment & Review
BSC	Balanced Scorecard
PM	Performance Measures & Performance Management
NN	Northern Nigeria
CBN	Central Bank of Nigeria
FOS	Federal Office of Statistics
NDP	National Development Programme
TQM	Total Quality Management
TOPP	Terminal Operated Production Program
ABC	Activity – Based Costing
NNCI	Nigeria National Council on Industry
NASME	Nigeria Association of Small & Medium Enterprises
CAC	Corporate Affairs Commission
NCCI	Nigeria Chambers of Commerce
SS	Sample Size
CEO	Chief Executives Officer
MD	Managing Director
D	Director
COO	Chief Operating Officer
GM	General Manager
R&D	Research and Development
GDP	Gross Domestic Product
CGS	Credit Guarantee Scheme
OECD	Organisation for Economic Co-operation and Development

Chapter 1 – Introduction and Research Structure

1.0 Introduction

Set against a background of high failure rates of SMEs in northern Nigeria, this research applies a mixed methods strategy to examine the application of performance measurement (PM) practices within manufacturing small and medium enterprises (SMEs) and the management of PM Systems (PMS) in this sector. The research analyses the factors that influence SMEs to embrace PM Systems; the extent to which they have been effectively applied in order to achieve business aspirations and out-perform competitors and/or other systems, if any, the SMEs might be using to measure business performance. The research focus is based on the premise that attention to, and application of, effective performance measurement can be a contributing factor to business success or indeed failure (Bourne *et al.* 2002)

By examining PM practices in northern Nigerian SMEs, the intended outcome of the research is an original performance measurement framework that can be effectively applied to support firms in achieving their business objectives. Although focused on one region, the intention is that the model is applicable and adaptable beyond northern Nigeria to SMEs more generally, given the related issues faced by firms from dynamic, balanced, and comprehensive and integrated perspectives.

1.1 Research Background and Rationale

The application of Performance Measurement Systems has gained increasing popularity with many profit-making organisations, both public and private, using PM to measure their growth and profitability (Kaplan & Norton 1993; Lewis 1996; Kaplan and Norton 2000; 2001).

PM Systems and their design are widely known within manufacturing, the supply chain and logistics operations. However, some regard PM in this sector as improperly designed, generating concerns from both practitioners and academics (Neely 1998). The shortcomings of existing systems, traditionally based on accounting ideology, have been broadly documented (Neely *et al.* 1995; Skinner 1971; Dixon *et al.* 1990).

The intensity and competitiveness of modern business that has triggered performance measurement frameworks affects all organisations regardless of the sector and size of business and has become a global phenomenon (Kanter 1995). The notion here is that the

world is now a global marketplace where ideas, views, products and services are made available in various places at the same time; Kanter (1995) states that consumers now have overwhelming choices that have changed the requisites of competition.

Manufacturing organisations are faced with global challenges and constant competition captured through the notion of World Class Manufacturing (WCM). The phrase ‘world class manufacturing’ has been used to classify the very best performing manufacturing organisations. However, Tincher (1994) argues that the world class manufacturing (WCM) ideology is rather confusing, as industries vary; hence the classification of one sector might not be the same as another. In spite of Tincher’s (1994) arguments, WCM retains some policies that have performance measures, for example, the incorporation of non-financial performance measures, which non-manufacturing organisations use to measure their business performance; this view is widely supported by Hendry (1998), that is, policy standards set by WCM are seen as difficult for businesses to adhere to and applicable only to manufacturing organisations, whereas PM Systems help businesses to measure both financial and non-financial performance.

There are unlimited benefits derived by organisations from performance measurement that is not exclusively based on financial performance. Balanced performance measures help organisations overcome the limitations of relying on financial performance measures that are precise and time-bound (Kennerley and Neely 2003).

Non-financial measures such as employee engagement and satisfaction, quality, customer service and public relations are equally important to organisations and their workforce, consistent with organisational goals and strategies that are adaptable and flexible according to the business environment. Alongside benefits, there are disadvantages to the huge range of non-financial measures used by organisations. It raises a number of issues, for example which measures organisations should use must be right measures and capable of helping them to achieve their business objectives.

PM Systems have generated considerable attention from business practitioners and academics in recent times, with many debating the adoption of a strategically focused or structured PM System that can lead an organisation to improve its business performance (Neely 2005).

Several studies on PM Systems indicate that organisations derive benefits for embracing a balanced system (Ukko *et al.* 2007; Hoque 2004; Martinez and Kennerley 2005). However, at the same time, other studies have less positive views regarding PM System's benefits (Neely *et al.* 2004; Ittner *et al.* 2003); example, a comprehensive set of measures keeps organisation's managers from sub-optimising and often leads to ignoring other important performance dimensions or failing to improve other measures to the expense of others (Ittner *et al.* 2003).

Much of the emphasis of the PM literature has been on the balanced scorecard, generating a host of questions and views from various writers and researchers about underlying assumptions and benefits (Malmi 2001). For example, Norriklit (2000) argues that the static nature of strategy plans and views of the balanced scorecard are challenging due to lack of relationship between different dimensions of performance involving financial and non-financial performance measures; while Neely (2004) detects that organisations can easily become preoccupied with performance measurement at the expense of management. Similarly, Halachmi (2002) emphasises the potential losses that organisations can incur, as a result of resources being diverted from business operations into developing the PM System. Halachmi (2002) further highlights the danger organisations face internally from its workforce resisting the introduction and implementation of a PM System.

They are growing calls from academic researchers such as Nudurupati *at al.* (2010) for rigorous investigation into the impact of PM Systems on an organisation's competitiveness; one of the key issues this research is designed to tackle. Though Chenhall (2003) emphasises on the overwhelming benefits of a PM System, as it helps managers and proprietors to enhance decision-making and organisational performance, there is no convincing proof from current research to prove such assertions. Several studies indicate that organisations use a PM System differently. Empirical reports have shown that the use of key measurement practices helps explain why some organisations achieve positive benefits from using a PM system, and some do not (Poon *et al.* 2004 and Zheng *et al.*). Equally, the studies conducted by Okpara (2011), Ihua (2009), Okpara & Wynn (2007) and Arinaitwe (2006) further illustrates the importance of implementing PM Systems in organisations to help businesses to measure performance. However, in spite of the benefits derived from the use of PM Systems, many businesses still fail to achieve their objectives. In the case of the latter, understanding of

business failure in a Nigerian context is limited, perhaps due to lack of rigorous research being conducted in the area and region on SMEs.

In addition, in a study carried out by Marr (2005) on 780 large American companies, findings indicated that 30 per cent of respondents used performance measures for controlling, 19 per cent used performance measures for strategic planning, and interestingly, only 18 per cent of the respondents used performance measurement in day-to-day operations and decision-making.

It is against this background that this research has been established. In particular, it attempts to address a gap identified in the work of Nudurupati *et al.* (2010) that is, little research focused on exploring the collaboration between PMS, change management and Management Information Systems (MIS) competences in spectrum of businesses in perspectives of PMS design and implementation, this concept lead the researcher to studying SMEs cross sectors instead of in one specific sector.

The motivation factor of the researcher embarking on this study is to focus on performance measurement practices in SMEs within the northern Nigerian region, the motivation for some SMEs embracing a PM System, and the effectiveness of such systems in terms of how they are subsequently managed to achieve organisational aspirations or not. The research focuses on northern Nigeria. Since Nigeria gained independence in 1960, the country has been mostly ruled by the north. This factor has put the northern region of Nigeria on a vast development path compared to other regions. Hence, there is a unique opportunity to explore that region to uncover SMEs performance management. In addition, whilst much research has been undertaken on PM Systems in the past, especially within the logistics and supply chain sectors, relatively little work has been undertaken on SMEs; especially in African and sub-Saharan African countries (Fjose *et al.* 2010; Tadesse 2009). Most publications in this area focus on America, Asia and European countries (Downing 2001). These facts make this study significant in nature in broadening the research scope through its original focus on the northern region of Nigeria.

1.3 Research Aims, Objectives and Questions

The previous section discusses the significance of PM Systems and their importance for business owners and managers. Many organisations in both the private and public sector have witnessed growth through application of this strategy. Similarly, Kanter (1995) asserts that it is the level of competitiveness in the modern business environment that has brought about the development of frameworks for organisations in order to measure their businesses performance. Also, many of these organisations are faced with global challenges and are constantly competing to be the best, set against the notion of ‘world class manufacturing’ that is used to classify the very best performing manufacturing organisations (Tincher 1994).

However, there are tensions. Many organisations have been seen to focus and divert resources to certain areas within their organisation to focus on PM, while ignoring other crucial areas, an issue that can lead to losses and internal resistance (Halachmi 2002). At the same time, there are several reports on PM Systems indicating that businesses attained growth through the use of balanced performance measures (Ukko *et al.* 2007; Hoque 2004; Martinez and Kennerley 2005). Many writers doubt the overall benefits derived from the use of PM Systems which can easily lead organisations to preoccupy with performance measurement at the expense of management.

Based on this analysis and prior research carried out on SMEs in Nigeria; (Okpara 2011; Ihua 2009; Okpara & Wynn 2007; Arinaite 2006) the research aim is:

- to examine and evaluate the application of performance measurement (PM) practices and systems within manufacturing SMEs in Northern Nigeria in order to develop an original performance measurement framework that can be effectively applied to support firms in achieving their business objectives.

1.3.1 Research Objectives

In order to achieve the above aim, the research will address the following objectives:

1. To investigate issues affecting SMEs performance in the region as highlighted in the literature.
2. To critically evaluate the PM Systems used by the Nigerian SMEs to help gain insight into what is measured and what is not.

3. To examine various performance measurement systems, frameworks and theories to determine its suitability for the SMEs usage in order to make appropriate recommendations base on the findings.

By addressing these objectives from a practice standpoint, the study seeks to present insights for improved PM Systems for SMEs' performance management.

1.3.2 Research Questions

The research addresses the following key questions:

1. How can the SMEs in the northern Nigerian region successfully measure their business performance?
2. What are the SMEs motivations for embracing such PM Systems if any in that region?
3. How are PM systems implemented and managed in order to deliver the best results for SMEs?
4. What is being measured, how is it measured, and against what?
5. How dynamic are the current systems used by the SMEs in measuring business performance and assisting in achieving business strategic objectives?

1.4 Research Design

This research is designed to apply a mixed methodology, combining features of quantitative and qualitative paradigms as suggested by Creswell (2003). Such an approach takes advantage of data triangulation across multiple qualitative and quantitative techniques, reducing the limitation and risk of relying upon a single methodological design (Bryman 1996).

Questionnaires, cases studies and semi-structured interviews are used a means of gathering data from a sample of northern Nigerian SMEs. Analysis of findings is triangulated in order to inform the development of the PM framework created and tested in this research. The results can identify why SMEs embrace PM Systems; they can also help others to improve on their PM Systems' aspirations.

1.5 Contributions of the Study

The contributions of this research are from both a practical and theoretical standpoint.

Performance measurement is a well-known topic among all areas of businesses and management, which gives rise to various existing frameworks developed over previous

decades especially for large organisations. This study identifies the need to develop a framework for effective performance measurement within SMEs, and within an African context. Clarification is sought, through the use of semi-structured interviews, survey questionnaires and case studies in the northern Nigerian region, on the current performance measures and structures in place, and the effectiveness of those systems, if any.

In view of the holistic performance measurement models and concepts, as stressed by Meyer (2002), Jackson (2002) and Bruijn 2002) what can be measured and how to measure it are dependent on the existing gap. Prediction is out of the question in regards to future performance, but past performance can lead to future performance, Meyer (2002) declared. With that in mind, tackling this study question is not an issue, as it will solve both the practical and theoretical analysis.

This research can therefore shed more light as to how SMEs in an African context measure their business performance, what is measured and how it is measured. The ideas can then be applied by using the results generated from the respondents.

In achieving these objectives, the research expects to contribute to existing knowledge for the practitioners and academics by providing guidelines and insight for enhancing efficiency and effectiveness of PM Systems, and set directions for future research.

1.6 Thesis Structure

The thesis is structured logically into chapters. Figure 1.1 provides a snapshot of the research process running through the Chapters.

Chapter 2 – presents the literature review, explaining the concepts of performance measurement through various frameworks and models, and associated performance measures and indicators. How to achieve the right measures is also analysed, and comparison of both is discussed, while performance measurement definitions are also outlined. This chapter further examines PM System characteristics and different development phases of PM Systems; the benefits and functions of performance measures. Performance measurement cycles are subsequently discussed.

Chapter 3 – presents the conceptualisation of PM systems in SMEs. It provides an overview of Nigeria SMEs, in-depth definitions of SMEs in various contexts, SME's role in the Nigeria economy, and the impact to its development. The role of performance measurement in SMEs is explained, and the factors hindering SMEs' development studied.

Chapter 4 – presents and justifies the adopted methodology for this research. The chapter also presents the research strategy: data collection techniques, tools and process, sampling and ethical issues

Chapter 5 – presents results from the data collection process; from the survey, interviews and case studies.

Chapter 6 – presents a discussion of the findings and results across the employed methods to explore the SMEs performance-related issues. It triangulates the findings from survey, interview and case-studies, performance determinants, constraining factors to reflect on the aims, objectives and answering the research questions and comparisons are also discussed.

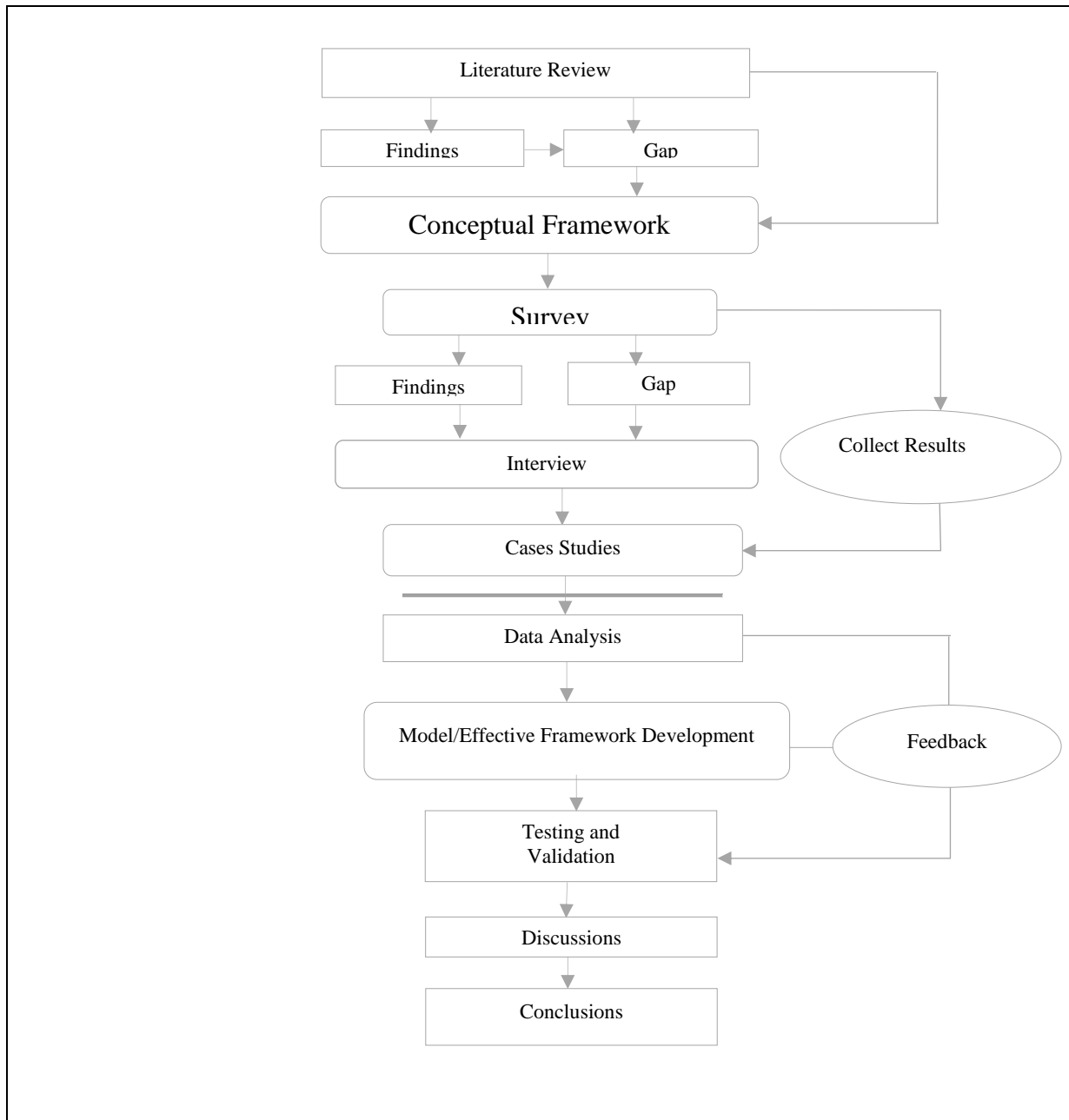
Chapter 7 – presents the developed framework for this sector 'SMEs' based on entire results of empirical study and the implementation processes are discussed.

Chapter 8 – presents the validation process of the earlier developed framework for effective performance measures and management for SMEs. It also outlines the significance of framework validation, prior and post framework implementation, key determinants for the framework measurability and the collaborating organisations used to test and validate the framework are also outlined.

Chapter 9 – this chapter first presents the key issues investigated and discusses the findings from the literature and primary data collected, and the second part outlines the research process, how the research achieved its objectives. The chapter further presents a statement on the overall contribution of the research outlines the limitations and elaborates on future research that could be undertaken as an extension of this study.

Finally, the appendices contain supplementary information such as ethical approval, data collection instruments.

Figure 1.1: Research Snapshot/Preview



Source: Author

Chapter 2 – Literature Review and Concepts

2.1 Introduction and Pre-review Analysis

Based on the research aims and objectives, the logic of this section is to first study key literature and author's views on business performance and their theme of work to help build knowledge and focus on business performance measures and management (see table 2.1). Therefore, this section presents a pre-literature review summary and analysis on cross-sectors' business performance, conducted respectively to essentially evaluate the performance trends of the operators, and to generate a clear understanding of performance issues for this study.

The research applied the qualitative methodology approach involving reliable secondary sources such as Emerald, Science Direct, and Sage Publications in various business performance and management related areas. It was conducted for the duration of nineteen years (19 yrs) covering 1994-2013 to lay groundwork, to facilitate synthesis for this study as shown in table 2.1 below. The logic is to strengthen the process from a broader perspective to specific research focused mainly on the SME's organisational performance practices, with the view of highlighting the issues in this sector.

It is remarkable to observe how performance measures, systems and management have drawn attention in many organisations over the years. Writers and authors such as Daugherty *et al.* (1994); Heskett (1994); Stanley and Wisner (1998) in the 90s focused their research on logistics performance, definition and measuring customer's satisfaction, to be precise. As a result of performance measures embraced by the logistics and supply chain organisations, they strategically achieved an improved low cost and competitive advantage, and the idea of initiating low cost and gaining competitive advantage with logistics competencies became a cause of concern for many business manager's and services providers (Bowersox and Daugherty 1995; Christopher 1998).

Nonetheless, Kaplan and Norton (1996) also developed a system known as the Balanced Scorecard (BSC) to help measure organisational performance; it was intended to help measure general business performance, growth and profitability; however this was not the case. Many businesses viewed BSC as strategy that have only financial initiatives and not a balanced strategy for the whole organisation which give rise to other performance measures, frameworks and models to enhance business strategic objectives (Marr *et al.* 2004;

Speckbacher *et al* 2003). Similarly, Ellinger *et al.* (1997); and Stanley *et al.* (1998) carried out researches on logistics organisations to ascertain how PM Systems have helped to achieved customer satisfactions for the operators through performance measures.

Equally, an organisation's strategic measures usually seek to have a balance between reasonable cost of operating and service quality but the high flyer organisations often invest in capital and operating expense to gain larger customer services (MSUGLRT 1995:67). This suggests the importance of customer satisfaction and competitive advantage through organisational competencies. Also, customer's tailored business services often produces greater fulfilments, increase market share, customer based and business performance (Fawcett and Clinton 1996; Stank *et al.* 1997).

On the other hand, Lambert and Pohlen (2001) have different views on performance measurement systems; they note that many of the systems do not capture the entire organisation and how the organisation affects overall performance. In that context, however, other issues such as; (1) PM Systems lacking a balanced approach and deeply dependent on cost as the main measure, (2) the systems often not comprehensive and inconsistent with the organisations' strategic objectives and (3) lacks system thinking and holistic views and not inspiring (Chan *et al.* 2006; Lohman *et al.* 2004; Lambert and Pohlen 2001).

This holistic view and research carried out by these writers and authors indicates a trail of performance measurement systems related to issues in the organisation. However, recently, some of the perceptions of PM Systems have shifted from the logistics and supply chain organisations' performance which was the key focus during the 90s to a broader business perspective. The focus has revitalised into the Small and Medium-size Enterprises or Businesses' (SMEs) performance. The SMEs' performance measurement systems, implemented measures and management has becomes a central focus in the twenty-first century for scholars and writers (Kamel *et al.* 2010; Nudurupati *et al.* 2010; Liu and Lyons 2010; Okpara 2011; Aremu and Adeyemi 2011; Jamil and Mohamed 2012).

The complexity in managing SMEs is well documented in the literature of Garengo *et al.* (2005), they also highlighted sensitivity of the SME on different managerial culture and systems. Garengo *et al.* (2005) also reviewed several pieces of literatures on PM Systems and models used in different dimension, and compared the models and their evolution over time.

They discovered that some of the models developed several years back tend to have horizontal, process-oriented and stakeholder focus, and were not suitable for the SMEs' use. They encouraged further studies for clarification of PM Systems' suitability for the SMEs. This study will attempt to shed light on this for better understanding of PM Systems in SMEs through exploration of empirical and theoretical studies.

Moreover, SMEs' performance has become a centre focus for many, and is widely regarded as the key source of economic development and revenue generation for many nations around the world (Aremu and Adeyemi 2011; Ihua 2009). In spite of this contribution made by SMEs especially in the advanced countries, other nations such as in Africa and in particular Sub-Saharan Africa are in doubt of the SMEs' contributions to economic development (Fatai 2011).

Similarly, the contributions of SMEs to nations' development have also generated great uncertainty in the case of Nigeria regarding the level of economic and national growth. This proves to be even more troubling when comparing Nigerian SMEs with other nations especially where SMEs have developed to be the forerunner of economic transformation and reconstruction (Ihua 2009).

This doubt of SMEs growth and economic development has been highlighted in the literature (Okpara and Wynn 2007; Arinaitwe 2006). The details of why the SMEs are failing to impact Nigeria and other nations around the region are not sufficiently disclosed. Okpara (2011) also acknowledges the significance of SMEs' contributions. He however, expresses concern over failures and poor performance in Nigeria. On the notion, the researcher finds this author's work and views very illuminating and as a motivating factor for embarking on this study to explore this phenomenon. Finally, table 2.1 below further outlines the themes of the review adopted by the researcher to help identify various performance-related areas to enhance this study.

2.1.1 Summary of Review Literature Adopted

Table 2.1: Typologies of Performance Literature

Authors/Studies	Performance Typologies
Chow and Heaver (1994)	Logistics performance definition and measurement
Daugherty <i>et al.</i> (1994)	Information accessibility, customer responsiveness to improved performance
Heskett (1994)	Controlling customers logistics service
Kaplan and Norton (1996)	Balanced Scorecard as a Strategic Management System
Ellinger <i>et al.</i> (1997)	The relationship between integrated logistics and customer service
Stanley & Cooper (1998)	Logistics performance measurement and customer success
Holmberg (2000)	A systems perspective on supply chain measurements
Cohen <i>et al.</i> (2000)	Supply Chain (SC) Innovation and high value in after-sales service
Van Laarhoven <i>et al.</i> (2000)	Used survey to monitor performance on shippers transport outsourcing, warehousing and logistics activities
Lambert and Pohlen (2001)	Supply chain management & performance management
Lai <i>et al.</i> (2002)	Measure for evaluating SC performance in transport organisations
Sohail and Sohal (2003)	Third-party logistics service performance
Rafele (2004)	Logistics service and measurement
Shang and Marlow (2004)	Logistics capability and performance in Taiwan's manufacturing organisations
Mentzer <i>et al.</i> (2004)	World market segmentation for logistics services
Meixell and Gargeya (2005)	A review on global supply chain design
Folan and Browne (2005)	A review of performance measurement on performance management
Sheth <i>et al.</i> (2005)	Evaluates service performance of public transport network, service user's perspective
Arinaitwe (2006)	Investigate SMEs constraining factors
Storey <i>et al.</i> (2006)	Challenges on supply chain theory and future performance
Ellinger <i>et al.</i> (2007)	Market orientation, workforce growth practices and performance in logistics organisations
Gaiardelli <i>et al.</i> (2007)	Performance of the after-sales service network, evidence from the auto industry
Marasco A. (2007)	Literature review on third-party logistics performance
Wanke <i>et al.</i> (2008)	Investigates the relationship between logistics sophistication and drivers of the outsourcing of logistics activities

Table 2.1 Continue

Yang <i>et al.</i> (2009)	Assesses resources, logistics services capabilities, innovation capabilities and the performance of container shipping services in Taiwan.
Okpara (2009)	Strategic choices, Export Orientation and Export Performance of SMEs in Nigeria
Pokharel and Mutha (2009)	Review revise logistics remanufacture on used products
Li <i>et al.</i> (2009)	Investigates the Impact of IT implementation on supply chain integration and performance
Kayakuta and Buyukozkan (2010)	Assessing performance factors for a 3PL in a value chain
Gu <i>et al.</i> (2010)	Warehouse design and performance evaluation
Kamel <i>et al.</i> (2010)	Supply management practices and performance in hospitality services
Nudurupati <i>et al.</i> (2010)	Investigate the Performance measurement, Management Information System (MIS), Information behaviour, Change management, Management commitment and resistance.
Liu and Lyons (2010)	Analyses third-party logistics performance and service provision
Okpara (2011)	Examines factors that hampered SMEs growth and performance
Aremu and Adeyemi (2011)	Explores reasons for SMEs collapse after a few years of formation
Jamil and Mohamed (2012)	Carried out a review of literature of performance measurement systems framework to identify a framework that can effectively measure SMEs in a competitive environment; the study aims at identifying an effective framework for modifying for SMEs
Simpson <i>et al.</i> (2012)	Examines theoretical framework associated with SMEs success and performance, tailored the studies toward developing a framework to help determine SMEs critical success factors (CSFs) for future researchers.
Sinisammal <i>et al.</i> (2012)	Examined how balanced scorecard (BSC) can be simplified for realistic use in SMEs
De Lima <i>et al.</i> (2013)	Reviews the role of performance measurement system can play and to applied it in obtaining experts views through interview.
Choong (2013)	Conducted a review to understand the key features and efficiencies of PM System that can be used to modernise organisational settings.
Waggoner <i>et al.</i> (2013)	Examines the forces that help shape the structure of performance measurement systems used in organisations through literature review.

Source: Author

2.1.2 Literature Review Discussions

This section focuses on analysing the key issues in literature for this study as a point of synthesis that connects the major aspects of performance measurement practices in organisations. This construct is to build a background understanding of the significance of PM Systems for SME organisations based on the literature, to further consolidate and establish directions in meeting the research objectives which is to examine and evaluate the

application of performance measurement (PM) practices and systems within the SMEs in northern Nigeria in order to develop an original performance measurement framework that can be effectively applied to support firms in achieving their business objectives.

It is noted that many of the previous studies involved various business sectors, sampling framework and submissions that indicate the importance of performance measurement frameworks for organisations not only in Europe, United States but globally. Note also that some of the articles, such as Stanley *et al.* (1998) crucially highlight the significance of performance measurement in organisations that facilitate understanding, and shaped behaviours, which lead organisations to achieving competitive results. Stanley *et al.* (1998) also point out excellent organisations that often identify their success based on performance measurement and are therefore compelling regarding their performance measurement endeavours.

Stanley *et al.*'s (1998) study is significant for this research because it helps create and affirm considerable points regarding performance measurement framework in organisations, regardless of the business sector. This signifies how performance measurement can help shape organisation's behaviour regarding performance thinking like the SMEs.

On the other hand, Kaplan and Norton (1996) stress organisation's readiness to face future changes and challenges as a business strives to survive the innovative technology age. This declaration made in relation to their earlier studies conducted during the 90s involves several organisations that signal the beginning of a PM System.

The research findings revealed several financial biases due to other areas within an organisation, such as operational objectives and control totally ignored. Those organisations that communicate their strategic objectives to all levels within the organisation do help the organisation to understand its performance measurement objectives across all units of the business, instead of focusing on just one section (Corrigan 1995). The point being, an organisation must have better indicators for its strategic direction to enhance prosperity; and a PM System helps to close that gap (Kaplan and Norton 1996).

Moreover, Fawcett and Cooper (1998) discuss the significance of logistics, performance measurement, and customer success as being critical for any organisational success; and subsequently directed organisations to generate an understanding and shape their performances that will lead to competitive outcomes. Fawcett and Cooper (1998) further

broaden the understanding of performance measurement in an organisation regardless of sector or business operation.

The author, therefore, found Fawcett and Cooper's (1998) work as crucial for this study; their work focuses on business performance covering various business sectors. Interestingly, the scope of their study was impressive due to the vast coverage of 6,010 different types of organisations from 1993-1994. Fawcett and Cooper's (1998) study affirmed holistic understanding of the trends affecting business performance. Moreover, the data generated from findings in comparison indicates significant consistency over a period on business organisations, hence creates awareness among the participants regarding performance measurement frameworks within their respective organisations.

Fawcett and Cooper's (1998) disclosure of measuring organisational performance as key criteria for business success gives managers of the participating logistics' organisations a think-tank and starting point to improve their PM System, that will also help to decrease customer complaints in their respective organisations. Moreover, there were other disclosures, such as the recorded complaints made by the sales teams, seen as self-serving and not reliable and the organisations lacking the right systems in measuring the performance of their operations. In contrast, complaints recorded by customers are regarded as essential due to the relationships between the organisations and their customers. It indicates a gap within their logistics service performance.

On a final analysis, the research work carried out by Nudurupati *et al.* (2010) on the role of management information systems (MIS) and the changes on performance measurement life cycle (Nudurupati *et al.* 2010) has broadened the author's focus for this study, because they were specific in their research, which is important to an organisation's performance measurement framework. Issues associated with performance measurement process are also highlighted. The context, in which the research was conducted, outlined several factors hindering performance measurement success in organisations; starting from the design to the implementation stage, a lack of information development in PM Systems that can foster effectiveness, integrated visible access and simplify awareness in services especially in manufacturing organisations are not common.

Nudurupati and colleagues (2010) further pointed out some of the failures attributed to lack of understanding the technique and personnel issues regarding the system. Many organisations are lacking dynamics and are sensitive to change for both external and internal parts of the organisation; fewer integrate infrastructure for management information system enhancement.

Therefore, Nudurupati's (2010) work is the motivating factor for embarking on this study by applying the concept into researching northern Nigerian SMEs practices. Similarly, Garengo *et al.* (2005) point out that performance measurement must have the ability to appraise the whole organisation and to integrate all functions; priority must be given to each business unit to achieve the objectives, as organisations cannot assess its performance solely on financial results. They should have an integrated measuring system that includes operational perspectives such as cost, quality, awareness and flexibility. Neely *et al.* (2002) supported this statement and subsequently identified performance measurement as a balanced system.

Furthermore, in meeting the research objectives, this study once again refers to the work of Okpara (2011), Ihua (2009), Okpara and Wynn (2007) and Arinaitwe (2006) on SMEs' failures in Nigeria in addition to the scope of Nudurupati *et al.*'s (2010) research work, because it covers a wide range of areas involving performance measurement that consist of change management, performance management and management information system (MIS), while setting the boundaries. The focus was on the evolution of PM Systems due to its importance and in gaining a better understanding based on:

- (a) Classification and drives for modern PM Systems.
- (b) The implications of change management on performance management, by ascertaining the methods used and the main issues associated with PM System's implementation with or without management information system support.
- (c) The lifespan of performance measurement as it is imperative to understanding the lifespan of PM Systems from the design stage through to implementation level and usage in order to gain greater understanding of all associated implications in each stage of PM System existence. As mentioned earlier, this study construct is based on Nudurupati *et al.*'s (2010) research work, therefore the concept was applied into studying performance measurement practices in Nigerian SMEs with the use of semi-structure interviews and survey

questionnaires to unveil the dynamic of the SMEs in that region. The literature suggests very little about the dynamic of the sector in the chosen region.

2.2 The Relationship between PM Systems and Organisational Strategy

Spencer *et al.* (2009) declare that, owing to intense competition in international and domestic markets and driven by demands, customer's assertiveness and technology advancement has placed organisations under enormous pressure to seek methods of achieving a justifiable competitive advantage.

Many organisations struggle to contend on a low-cost method and favour differentiation strategies (Baines and Langfield-Smith 2003; Lillis 2002; Terziovski and Amrik 2000). Therefore, labour cost becomes excessively like in developed countries, for example, Australian manufacturing organisations often pursue competitive advantage through production of goods with more valued features such as quality, flexibility with delivery, reliability (Spencer *et al.* 2009). Hence, a viable competitive advantage is not just about strategic excellence because various literature have emphasised the significance of organisations putting appropriate systems and structures in place to support the business's strategic significance (Porter 1980; Abernethy and Lillis 2001; Hoque 2004).

Certainly, performance organisations are those that have in place the right structures and systems to enhance the accomplishment of their business strategic objectives (Abernethy and Lillis, 2001); moreover, according to Grant (2007) and Gosselin (2005) PM Systems are known as a vibrant element of organisational structures that, once aligned with the business strategic importance, lead to the organisations' enhanced performance. Furthermore, empirical evidence indicates that appropriate design and implementation of PM Systems help to steer organisations' performance initiatives (Chenhall 2005). Also, Abernethy and Lillis (2001) declare that the mediating role of PM Systems help organisations to achieve superior performance through strategic choices. Equally, this highlights that a relationship exist between PM Systems and organisational strategy, the strategy can be achieved and acknowledged through various dimensions, such as customer services, quality and product flexibility (Chenhall and Langfield-Smith 1998b).

2.3 The Underpinning Concepts of Organisational Performance

The economic realities in recent years steer organisations to exceed external incentives often used to upturn business competence such as innovative dominance and market growth; organisations are seeking other opportunities to gain competitive advantage, which consequently increase their attention in the performance management concept (Buchner 2007).

According to Ulrych (1997) a world of literature exists today highlighting various issues, methods and ways of understanding performance management. This highlighting of concepts cited in Nita (2007) for transformation in business, gave the basic classification of performance management as (1) on-going processes, (2) significance of strategy understanding and its objectives, (3) as a cohesive method to business strategy, processes and resources (4) multi-dimensional performance measurement and its observance from any practical standpoints for HR personnel and the whole organisation (5) performance recording and delivering of information for performance assessment (6) response for corrective activities. Nita (2007) further points out that today's performance management solutions derived from yesterday's process progression of management accounting in search of multi-dimensional performance approaches.

However, regardless of these multi-dimensional methods, performance management should be perceived on three levels, (1) corporate performance management (2) team/employee and (3) integration of previous performance (Armstrong 2009). They relate to integration between human resources management (HRM) and the organisation as a whole through coherence of individual and organisational objectives involving combining team and employees' activity, aligning with corporate and personnel strategy, management support activity associated within the network and practices that are equally helpful and contribute to improving the whole organisation; and the growing difficulties in many organisational utilities gave rise to the development of broader business management theories (Agarwal and Selen 2011).

2.4 Summary

Notably, the analysis suggests the significance of performance measurement across the spectrum of business with strongly indications of how the framework helped to increase an organisation's efficiency for the operators. The holistic performance measures framework

also signal the competitiveness and challenges organisations faced in the past decades due to the changes in technology and market dynamic.

As Kaplan and Norton (1996) point out, these challenges helps put an organisation on the right footing, shaping their behaviour and competitively equipping them to face all the challenges as the business strives to survive the innovative technology edge. In spite of the criticisms witnessed at the early introduction of performance measurement systems, the benefits are proven after its implementation.

The literature study reveals several financial biases due to management ignoring some vital areas within organisations, such as management of day-to-day operations and control. They often ignored as strategic objectives of the organisation. Communicating the business strategic vision to all levels of organisation is vital to understanding performance measures objectives across all units of the organisation. This understanding involves teamwork and effort must be made to get all stakeholders committed for its success (Corrigan 1995).

2.5 PM Systems Theoretical Models and Frameworks Background

2.5.1 Introduction

The overall background of PM Systems for this and other specific studies is to highlight what needs to be measured within an organisation's domain. Researchers have focused on understanding performance measurement frameworks embodied within the system. According to Cokins (2007), PM Systems have a historical basis traceable to the early 90s, where performance measurement was practised by many businesses. Such studies are labelled as information technology studies; but there is very little within academia regarding SME performance measures.

There are several existing performance measurement frameworks used by business managers and practitioners. Such frameworks vary from sector to sector, but have similar constructs (Cokins 2007). PM Systems help organisations to bridge the gap between strategy, execution and exploiting market opportunities and to remain competitive (Eckerson 2004); and each seeks to balance non-financial and financial measures.

2.5.2 The Performance Prism Theoretical Framework

Neely *et al.* (2001) introduced a theoretical framework of performance measurement and named it the performance prism. The prism underlines five specific areas that should be measured against that are in line with Cokin's (2007) claim. In today's competitive environment, an organisation cannot solely base its focus on a single stakeholder, and its strategic alignment must have an integrated process and the capability to deliver competitive value to many stakeholders.

The performance prism is seen as a second-generation performance framework; this framework is built on the European Foundation for Quality Management (EFQM) excellence model and balanced scorecard concepts used by organisations as a quality self-assessment framework.

In the performance prism aspects, five perspective areas are linked to performance (Neely *et al.* 2001), as shown in Figure 2.1 that are built on stakeholder values.

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Source: Neely *et al.* (2001)

The performance prism comprises of five (5) interconnected views of performance that highlight specific questions to an organisation's stakeholders regarding:

Satisfaction; identify our stakeholders, and what do they want and need?

Strategies; what strategies are needed from the corporate level to satisfy both our internal and external stakeholders?

Processes; what processes need to be in place for our strategy's enhancement and execution?

Capabilities; what resource capabilities do we have now and need in the future to enable us accomplish our business processes?

Stakeholder contributions; what do we expect, want from our stakeholders in order to fully develop our capabilities?

Neely and Adams *et al.* (2001) claimed that the Performance Prism framework and organisation's main stakeholders generally consist of:

- Investors; includes resource contributors such as shareholders
- Customers; includes intermediaries
- Employees; includes industrial relation and unions
- Regulators; includes suppliers and community suppliers.

Neely *et al.* (2001) further argue that performance comes from strategies; hence, the strategies should form the basis of meeting the wants and needs of every stakeholder and their complete satisfaction. Therefore, the performance prism must not be regarded or seen as a prescriptive framework but used as a strategic direction or means for organisation's managers or business practitioners to address their strategies' problems or queries. Nonetheless, as the performance prism offers several benefits as a distinctive model, it can also be difficult to develop.

2.5.3 EFQM Excellence Model

The EFQM known as Excellence model, introduced by EFQM in 1991 as a framework used globally by many organisations, the framework consists of nine criteria established by 14 European organisations to guide and enhance their performance. As earlier mentioned, in the case of performance prism as non-prescriptive, the Excellence model applies the same non-prescriptive approach and framework to assist in guiding organisations to improve their performance. (See figure 2.2)

Figure 2.2: The EFQM's Fundamental Concept

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Source: (Adapted from EFQM brochure 2003)

The criteria for organisational assessment are discussed in subsequent paragraphs below.

The EFQM Excellence model is generally based on eight fundamental concepts of excellence that consists of:

1. **Customer Focus** → concentrating on customers and improving in that aspect, identification of current and future customers, anticipation of customer's needs and meeting those needs. Maintaining excellent collaboration with all customers through effective provision of needs and expectations.
2. **Leadership & Constancy of Purpose** → an individual with vision that can inspire and the lead the organisation with purpose, clear direction, inspirational with transparency and open, consultancy and unity of purpose shared by the stakeholders.
3. **Management by Processes & Facts** → excellence ability to manage the organisation with established interrelated schemes, methods and facts, appreciative and thoroughly managing business operations, make sound decisions that are consistent through reliable evidence information for the interest of the stakeholders.
4. **People Development & Involvement** → recognition of talents among employees and its utilisation, recruitment of needed talent and openness with job descriptions, recognition employee's needs, continued with learning, growth, promotion of culture of trust and honesty in the organisation.
5. **Continuous Learning, Improvements & Innovations** → effecting change through learning, create innovative and enhancement opportunities, motivate, encourage,

involvement and performing through learning experiences, appreciative of short and long term issues that affect the organisation and plan for strategic solutions. Being able to response simultaneously to changes in demand and market, ability deliver on promises with speed and flexibility, focus on factors that affect the organisation in long-term, excellence in challenging the status quo and implementation change, the use knowledge to in creating innovation and enhancement opportunities.

6. **Partnership Development** → developing and upholding value-adding partnerships, safeguarding mutually beneficially relationship with both external and internal stakeholders for the interest and value added for all, support the attainment of strategic and operational objectives.
7. **Corporate Social Responsibility** → through the use of ethics and its application within the organisation, being accountable and transparency in all business dealings with customers and the society, meeting global and local community needs as a responsible organisation, promoting and maintaining excellent working relationship with employees.
8. **Results Orientation** → gathering of needed information, meeting stakeholders expectations, setting and executing various policies, setting targets, strategic objectives and measures based on stakeholders requirement, planning and setting achievable set of results that benefits all the stakeholders including maximum use of resources, flexibility based on changes, needs and anticipations of the stakeholders.

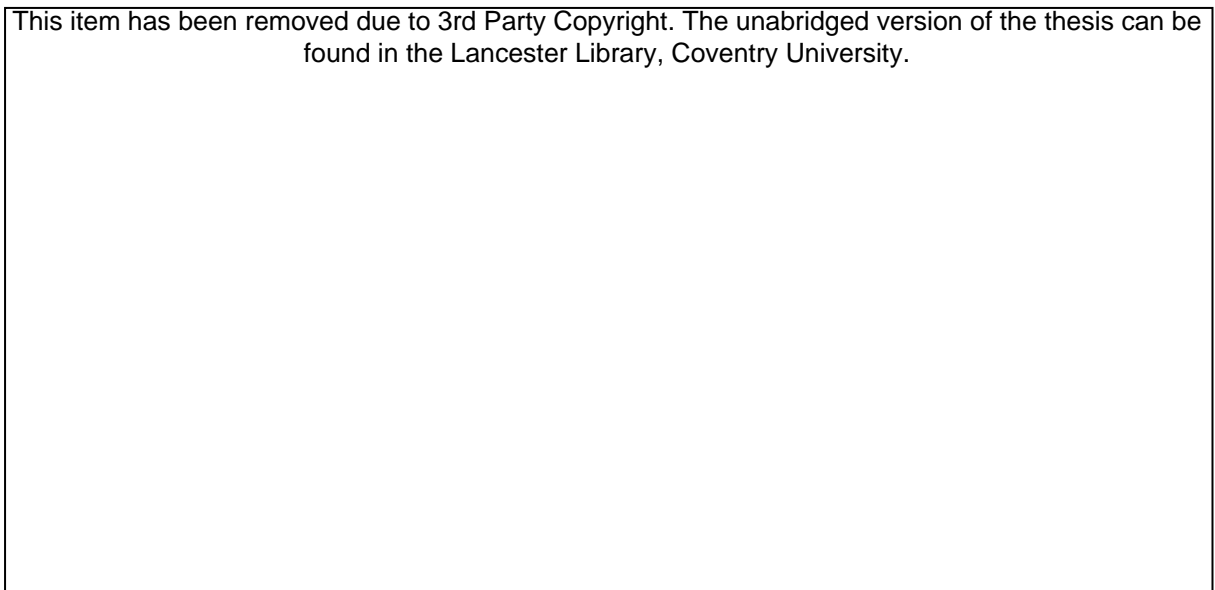
The EFQM excellence model's primary objectives for any organisation, regardless of the size and sector; is to accurately establish a practical framework for effective management and satisfaction of its stakeholders. As it is non-prescriptive model, its concepts sanction;

- An understanding of key strengths and weaknesses in organisation's performance management vision and mission.
- Adequately communicate ideas among its stakeholders.
- It enhances planning and execution of existing ideas, so eliminates any duplication.
- The excellence model provides practical directions for the organisation's management system.

The EFQM model is well-established in some excellent organisations globally, while some are keen to follow its lead to accomplish their performance management aspirations; and its

attainment requires total leadership. The excellence model consists of nine criteria separated into two main groups (see figure 3.3): Enablers and Results.

Figure 2.3: The EFQM Excellence Model



Source: EFQM (2003)

Group 1 → The Enablers, which have five significant criteria, help to clarify what the organisation does.

Group 2 → The Results which covers four organisation attainments, the overall connections between **Enablers** and **Results** are one leading the way for the other to follow.

The Enablers improve from the feedback from Results due to the non-prescriptive nature of the model, and other ways exist that organisational managers could measure their performance using the excellence concept model.

As mentioned above, the EFQM excellence model uses a practical framework and the nine criteria for its assessment process are therefore:

(A) **ENABLERS**, consist of five key criteria as indicated in figure 3.3 above which includes;

1. **Leadership;** → relates to internal norms and focuses of the organisation's hierarchy and its coordination strategy to achieve its vision and purpose.
2. **People management;** → how the organisation manages its internal stakeholders and fully exploits their potentials to enhance organisational performance aspirations.
3. **Policy and strategy;** → encourage periodical reviews on mission, values, vision and performance management strategy.

4. **Resources:** →allows the organisation to fully utilise its resources, i.e. stakeholders; both internal and external, in line with its strategy in order to accomplish its performance objectives
5. **Processes:** →its strategic integration design process, how it has managed to improve and satisfy all its stakeholders.

While on the other hand ‘Results’ strategically causes the Enablers to improve from its criteria as feedback.

(B) RESULTS, have four criteria which include;

1. **People satisfaction:** → it allows the organisation to revisit its overall result regarding employee satisfaction and performance
2. **Customer satisfaction:** → it allows the organisation to evaluate its performance measures against customer’s satisfaction.
3. **Impact on society:** → apprehensions of the wider society, needs, expectation and satisfaction
4. **Business results:** → help to defined and outline the overall achievement based on the business projected performance.

The EFQM excellence model framework helps the organisation’s management team achieve its performance objectives. The frameworks are non-prescriptive tools that help performance focus on certain areas in organisation. It consists of nine criteria and RADAR logic developed after ‘2003’ as an enhancement of the existing model. The RADAR logic determines the “**Results** from the required plan **Approach** which **Deploy Assessment & Review**”

In summary, the excellence model communicates an organisation’s achievements, what it does and how it does it and the outcomes help to create the confidence that will be attain in subsequent years. The evidence created is not solely on financial results, which demonstrate the outcomes of previous performance. The EFQM excellence model indicators also include measures of customer’s satisfaction, people motivation, capability and satisfaction of wider community.

2.5.4 Balanced Scorecard

The Balanced Scored (BSC) in Figure 2.4 integrates measures of both financial and non-financial data into one measurement system. The strategic objectives of this framework are to

help an organisation achieve its corporate vision and mission and be more consistent in performance measures.

Figure 2.4: The Balanced Scorecard

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Source: (adopted from Wongrassame, Gardner & Simmons 2003)

“Kaplan and Norton described the BSC as a set of measures, one that gives senior managers a fast and comprehensive view of the business” and also allows managers to see the business in four perspectives. This includes:

- Internal perspective → what can we do for our organisation to excel.
- Customer perspective → how are we perceived by our customers.
- Technology and innovation perspectives → how can we improve and increase our value formation.
- Financial perspectives → how do we perceive our stakeholders.

There are knock down effects perceived by many of BSC model users; however the underlining facts connecting the balanced scorecard to organisation’s strategy is that it measures the outcomes and drives measures for future improvement, and also uses measures to prepare employees for current and later success (Kaplan and Norton 1996a).

In addition, other benefits that link balanced scorecards to an organisation’s performance are measures that strengthen an organisation’s emphasis between its business unit and strategy. A

good balanced scorecard should show performance drivers and indicators capable of measuring the outcomes (Kaplan and Norton 1996b).

Hence, organisations practising a balanced scorecard framework should be able to realise four specific management processes;

- Clarify and translate vision and strategy.
- Communicate and link strategic objectives and measures.
- Plan, set targets and align strategic initiatives.
- Enhance strategic feedback and learning.

As mentioned earlier, the literature has proven the use of balanced scorecard as an important step towards realising the performance measure vision (Butler *et al.* 1997). There are also successful cases in the past and present indicating organisations that embraced the BSC framework as a strategy map for process transformation.

Moreover, in spite of these numerous benefits derived from BSC, critics have also pointed out some drawbacks including from Atkinson *et al.* (1997) as failing to;

Underline employee and supplier's contribution, and the extended value chain, which is a vital element in today's networked organisation.

Identify the role of the community in identifying the environment within which the organisation operates.

Identify performance measures as a two process (that focuses primarily on top-down performance measurement); lacks adherence with their stakeholder approach to performance measurement. The balanced scorecard is more of strategic management tool than a total performance measurement system (Kaplan and Norton 1996).

Summarily, critics saw the introduction of Balanced Scorecard by Kaplan and Norton as a performance management tool as having the capability of measuring only the financial performance of an organisation at the first stage of its introduction. It was later transformed with more concise detail, with its main success factor to help organisations to facilitate the business operations with overall strategy. Balanced Scorecard facilitates an organisational vision, and transforms it into a practical set of objectives that subsequently convert into system performance measurement that efficiently communicate present and future strategy of the whole organisation (Kaplan and Norton 1989). In addition, according to Neely *et al.*

(2001) the strength of a performance measurement conceptual framework is that it first queries the current strategy put in place within the organisation before the process measures begin. By so doing, it is making sure that the measures have a solid foundation.

2.5.5 Sink and Tuttle Performance Model

The Sink and Tuttle (1989) performance measurement framework is a broadly used model in setting performance measures' criteria for organisational assessments. This framework was developed in the late 80s, and helped in setting seven criteria for an organisation's measurement interrelationship management. This interrelationship includes:

- Effectiveness → involving doing the right things, at the right time, with the right quality, and the ability to quantify the effectiveness of practice into actual performance
- Efficiency → doing things right with the right resources
- Quality → seeing the big picture and applying the six basic concepts
- Productivity → generally applying the right percentage of output to input
- Conducive environment → to enhance fine and quality system performance
- Innovation → is an essential component in supporting the performance effort.
- Profitability → is every organisation's ultimate goal.

The performance measurement framework of Sink and Tuttle (1989) is designed to help organisations through an integrated approach (see Figure 2.5). The framework has gone through transformations since its introduction. However, the criteria are important for an organisation measuring its current performance strength against the future goals to enhance effective transformation.

Figure 2.5: Sink and Tuttle Model

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Furthermore, the Sink and Tuttle (1989) model has it holistic uses. For example, the Terminal Operated Production Program (TOPP system) is used to study the production issues in the manufacturing organisations where it was observed and criticised for lacking a customer's perspective.

Additionally to the Sink and Tuttle (1989) model introduction, the researchers for the TOPP system project analysed performance as an integration of three dimensions that includes: (see Figure 2.6);

- Efficiency; relates to input and output; that was expected and the actual outcome.
- Effectiveness; relates to doing the right thing at the right time and the process applied.
- Adaptability; relates to method, ways and culture change.

The TOPP system performance model has a similar concept to the Sink and Tuttle model that expresses the scope of an organisation's readiness for future changes resulting from performance measures implementation.

Figure 2.6 Terminal Operated Production Program (TOPP System) Performance Model
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Source: Moseng and Bredrup (1993)

The critical element of these models and their implementation is to motivate behaviour that is consistent and supportive of organisations' corporate objectives.

Melnyk *et al.* (2004) point out that the key functions of performance measurement tools and systems are to enhance the management of the channels of **communication** by virtue of its formality, **information** by identifying the short falls, **control** to compensation and allow all selective areas, and to influence those areas under control.

In regards to the Sink and Tuttle (1989) model, critics view it as lacking customer focus. The point is that performance measurement must first consider the needs and wants of the stakeholders before strategies can be formulated (Neely *et al.* 2001).

2.5.6 PM System Frameworks Comparisons

The above analysis attempts to underline the significance of performance measurement using the conceptual framework of the four popular models; the Performance Prism, EFQM Excellence Model, the Balance Scorecard and Sink and Tuttle Model by illustrating the key performance measures for each organisation's management team. All models hold several key objectives and focus on specific areas for an organisation hoping to implement the framework to improve self-assessment. The table below further analyses the relationships between the four mentioned frameworks.

Table 2.2 The Performance Measurement Models Comparative Analysis

	The Performance Prism	EFQM Excellence Model	The Balance Scorecard	Sink and Tuttle/TOPP Model
Basis	The framework first consider the needs of the stakeholders such as; employees, suppliers, regulators, customers and the wider communities, it also outline what the organisation needs are from this stakeholders	Excellence concepts to performance measurement: Stakeholders are accomplish through leadership and strategy approach involving, partnership, people and process integration	A PM System should monitor all business units that is importance to the organisation, the organisational hierarchy should view the business from four different perspectives that includes; both external and internal, development, learning and financial perspective	The model should direct a specific measures in order to improve the overall productivity of the organisation
Founded background	Designed to eliminate a possible scorecard criticism and rise above that concepts while extending both external and internal stakeholders perceptions	To help setting criteria for Quality performance award to European applicants	The framework was designed to perform measures for organisations to overcome both financial & non-financial difficulties of all kind	To help set three levels of performance criteria/ indicators for organisation involving; Enterprise Level, Process Level and Function Level
Developed initiative	Consists of five interrelated features which includes; strategies, stakeholders satisfaction, stakeholders and capabilities and processes	Includes, business excellence model with nine criteria for specific management areas	To balance performance measures across organisations, this measures includes financial, learning and growth, internal business processes and customers	Based on the Plan-Do-Check-Act principle of the Deming wheel

Table 2.2: Cont...

	The Performance Prism	EFQM Excellence Model	The Balance Scorecard	Sink and Tuttle/TOPP Model
Planned functions	Developed to enhance management team work and decision-making regarding 'what and how', as the Prism is not prescriptive framework but tool for direction	The framework has five fundamental functions that include; as the basis for sustainable excellence, provides a holistic framework for the whole organisation, it enable the organisation to take a hard look at its performance as a mirror, a self-assessment tool for improvement, creates an opportunity to benchmark with competitors	To provide mechanism to communicate the organisation's mission, vision and strategy	To encourage effectiveness for customers and requirements satisfaction To increased efficiency with maximum use of organisational resources To provide strategic awareness for change management
Strategy position	The strategy is to first certify that the needs and wants of the all stakeholders are met	The strategy is for leadership drives policy that are delivered through partnership, people and processes	The strategy is to meet specific objectives by measuring and monitoring the implementation of the strategy, but not for strategy formulation	Self-direction and efficient use of organisation's resources, and strategically direct change in meeting customers' needs and satisfaction
Criticism	Some of the indicators are not practically effective	No initiative on how to create & conduct effective performance measurement	Does not reflect on competitive performance, and does not measures external environment	Feedback system not included

2.6 Performance Measurement System (PM System) Definition Overview

2.6.1 Introduction

This section presents the theory of performance measurement structure for SMEs that must answer some of the fundamental questions such as what are the concepts and performance measurement in SMEs. It also presents various definitions of performance as presented in the literature; performance measurement characteristics are analysed, the subsequent sections discuss the development phases of performance measurement. The expected outcomes of this section related to the research study of performance measurement are subsequently discussed and finally the chapter summary.

2.6.2 Definitions of PM Systems

Historically, there is no consensus on a definition of performance measurement. Moullin (2003) and Tangen (2004) share the same views on performance measurement definitions consensus. Many organisational performance measurement definitions are based on two perspectives, for example, organisational objectives involving productivity and effectiveness, and the other on resources, involving stakeholder's satisfaction and adaptability.

According to De La Villarmoise (2001) organisational performance measurement definition is highly complex. Some authors (Porter 1991; Teece *et al.* 1997) strategically declare that organisational performance measurement are attainable depending on position in the market, while on the other hand (Penros 1959; Barney 1991) affirm such market positions as solely on the organisations' capabilities and resources to achieve performance without compromising their financial arrangements on the process. St-Pierre and Delisle (2006) also states that organisations' performance measurement definition within the literature emulates this regarding performance systems element.

Similarly, Kotler (1984) defines performance measurement as the practice where organisational achievement is assessed; that can lead to achieving an organisation's goals such as meeting customer's demands, and goods or services are delivered efficiently and effectively. Kotler's (1984) definition has several dimensional concepts on performance measurement. Effectiveness and efficiency are the two essential dimensions of performance as identified by Neely (1998), as are past achievements through acquisition, collection, sorting and analysis and interpretation of appropriate information.

Mullin (2003) further emphasises that Neely's definition merely highlights the process and does not hint much on organisations' leadership and direction. "Performance measurement is an evaluation of organisations management and how services are delivered to various stakeholders (Mullin 2003). While affirming this definition, he also argued that his definition indicates performance measurement objectives, and stresses that organisations are managed that add values to its stakeholders.

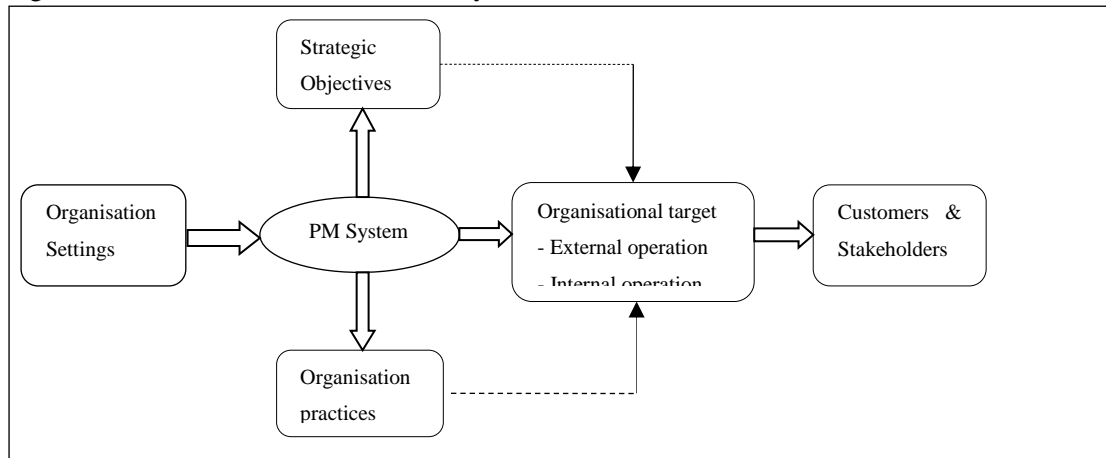
Neely, Gregory and Platts (1995:81) subsequently define a PM System as a "set of metric tools used to enumerate the actions of both competence and success". This definition looks at both the internal and external performance of an organisation, and how it has strategically competed successfully with others.

In view of these varied definitions, the study argues that performance measurement is consequently unbalanced, because mere performance cannot lead to better performance without a strategic plan. According to Slizyte and Bakanauskiene (2007), organisations managed performance with the help of performance measurement, and performance measurement then helped to evaluate definite levels of performance with pre-established objectives.

The PM System is a system that enables an organisation's managers to fulfil two key functions;(i) makes communication within various sections, teams and target setting possible for the organisation and managers, (ii) performance measurement foster data collection, processing and analysis for both employees and organisational activities (Forza & Salvador (2000:359).

Therefore, this study defines performance measurement as a strategic practice used by an organisation to monitor both its internal and external operations, with the aim of meeting its targets (customers and stakeholders). This definition illustrated in figure 2.7 below derived from the literature review.

Figure 2.7 Performance Measurement System Definitions



Source: Author

2.6.3 PM Systems Definition Analysis

Table 2.3, extracted from the review of literature, and demonstrates the diversity of PM Systems and lack of consensus on its definition, as already mentioned. Every author cited defines PM System in a different perspective.

Table 2.3 Various Definitions of Performance Measurement System (PM System)

Author/Source	Definitions
Atkinson (1998)	Defines PM Systems as a strategic focus and scope of managing accounting process that enhances owner's primary objectives; and that helps business planners undertake strategic planning, identifying and pursues the organisation's main objectives. Defines PM Systems as a desired performance on the organisation's primary objective, where employees monitor the level of achieved primary and secondary objectives, and use the resulting data to revise their beliefs, and model their relationship between objectives and organisational learning.
Atkinson <i>et al.</i> (1997)	Defines PM System as a focus on one output of strategic planning: where organisational hierarchy's choice of nature and scope of the contracts that it negotiates both clearly and wholly with its stakeholders. Perceives PM Systems as tools used by the organisation to monitor contractual relationships Defines PM Systems as a set of information system at the heart of the organisation used in processing its essential information for the effective and efficient functioning of the performance management system (p. 553-555)
Bititci <i>et al.</i> (1997:533)	Perceives PM System as an information system that is at the centre of the performance management process; that is of critical importance to the effective and efficient functioning of the performance management system.
Bourne <i>et al.</i> (2003:4)	Refers to BPMS as a multi-dimensional set of performance measures for the planning and management of a business
Forza and Salvador (2000)	Defines PM System as an information system that supports managers in the performance management process; mainly in gratifying two prime functions: (1) consists of enabling and structuring communication between all the organisational units, individuals, teams, processes, functions, etc. involved in the process of target setting (2) Makes it possible for collecting, processing and delivering information on the performance of people, activities, processes, products, business units, (p. 359)

Table 2.3: Continue

Gates (1999)	Perceives PM System as a strategic system that helps translates business strategies into deliverable results; Includes financial, strategic and operating measures to measure how well an organisation meets its targets. (p. 4)
Ittner <i>et al.</i> (2003)	Defines PM System as a strategic system: (1) that provides information that allows the firm to identify the strategies offering the maximum potential for achieving the firm's objectives; (2) Aligns management processes such as target setting, decision-making, and performance evaluation, with the achievement
Kaplan and Norton (1996)	Defines PM System as a balanced scorecard and is a comprehensive set of performance measures Defines PM System in four different measurement perspectives (financial, customer, internal, and learning and growth) that provides a framework for translating the business strategy into operational terms (p. 55)
Kerssens-Van Drongelen and Fisscher (2003)	Defines a PM System where reporting takes place at 2 levels: (1) company as a whole, reporting to external stakeholders, (2) Within the company, between managers and their subordinates. (p. 52)
Lebas (1995)	Defines PM System as the system that supports a performance management philosophy (p. 34)
Lynch and Cross (1991)	Defines PM System as a strategic system based on concepts of total quality management and activity accounting that provides the right information at the right time, and strategically focuses on what counts the most. As a system that interprets the financial and non-financial indicators of the business, and one that enhances business decision making
Maisel (2001)	Defines a PM System as a system; one, that enables an organisation to plan, measure, and controls its performance; and as an enhancement for decision making among various department in organisation. Secondly, as a system that enables an organisation to align its strategies to achieve desired results and generate shareholder value (p. 12)
Neely (1998)	A PM System enables informed decisions to be made and actions to be taken through the collation, sorting, analysis, interpretation, and dissemination of appropriate information. As a system that enables organisations to measure their performance in order to check their position, in order to ascertain, compare position or benchmark and monitor progress. It also allows communication with internal and external stakeholders of the organisation (pp. 5-6).

Source: Franco-Santos *et al.* (2007:6-9)

2.7 PM Systems Characteristics

Maskell (1998) and Globerson (1985) identify several guidelines on performance measurement characteristics. They also indicated that some of the characteristic often duplicated. Neely *et al.* (1997) further acknowledge 22 sets of performance measurement characteristics.

Beacuse of this non-consensus on PM Systems definitions; Franco-Santos *et al.* (2007) affirmed these conflictions, hence named performance measurement characteristics in several ways;

- (i) Features which includes performance measurement system
- (ii) Roles which include the purpose of the performance system and
- (iii) A process, which includes sequences that form part of the PM System.

Franco-Santos *et al.*'s (2007) arguments on the features of the performance measurement minimum requirement are; performance measures usage and infrastructures that can support the system; this include information and personnel. Franco-Santos and colleagues (2007) further disclosed that by putting in place the required process, it would enhance, review and strengthen any data on the PM System. On the other hand, they acknowledged the success of the PM System must be aligned with the organisation's corporate strategies.

There were identification of several performance measurement processes that include information provision, selection measures and design, data capture, data analysis, target setting, planning and decision making, strategic objectives specifications, interpretation and identifications of stakeholder's wants and needs; others were performance evaluation, review and reward procedure.

Franco-Santos *et al.* (2007) later categorised these processes into five main groups: the selection and design of measures; the collection of data for analysis; information management for decision making; evaluation of performance and rewards; and system reviews for feedback.

In view of this, an organisation's PM System framework should include a set of procedures designed to collect, review and analyse the related data for these performance measures.

2.8 Development Phases of PM System

For this research, the researcher adopts four key development phases of performance measurement. This includes the first phase: the design phase that selects the achievement factors and measures; second phase: planning & building phase consist of system development and data collection; third phase: implementing and operating the measurement system; fourth phase, system usage and updating the importance of the performance measures (see figure 2.8).

While classifying and deleting unwanted data, this final phase is a closed loop and enables the process to start all over, (see figure 3.1). This concept has previously been applied by Neely et al. (2000:1143) and Franco & Bourne (2003a:321) and Bourne (2003:19), with the exclusion of planning, which makes up the fourth phase. The planning and building construct considered as a significant construct in performance measurement system or strategy. After designing, the business must plan on how to implement and operate the system.

2.8.1 Designing Phase

Bourne et al. (2000) illustrates the design phase of performance measurement as significant in identifying the main objectives to be measure. Several models exist for performance measurement. This includes the Balanced Scorecard (Kaplan & Norton, 1996a) as illustrated above, and other strategic measurement analysis and reporting techniques (Cross and Lynch 1998); for example, PM Systems for world class manufacturer (Maskel 1997), performance prism (Neely et al. 2002b), and integrated PM System reference model (Bitici et l. (1998).

According to Kennerley & Neely (2002a), a common feature of performance measurement framework is that they can be, acknowledged, as a set of measures that provide a reasonable representation of business; and the performance of organisations can be summaries; presented and implemented as set of measures.

2.8.2 Planning

The planning phase of a PM System requires a strategic established plan for the system. If the PMS has an incorrect set of focuses that are different from the organisations set out goals, it will destabilize the strategic plans by disseminating business practices. With this in mind, it will be proper to first examine the strategic aspects of PM System and conduct a review that

is compatible with the strategic plans that can fully integrate with the PM System. Such a strategic plan should be well develop to include the necessary information to formulate an integrated PM System.

2.8.3 Implementing

Many authors have discussed the implementing phase of PM System as complex. However, (Frigo and Krumwiede 1998; Kaplan and Norton 1996:191-198; Sandison and Gooderham 1999) blamed these varying views on the part of the authors as failing to see the feasible approach of the PM System.

According to Bourne et al (2000), this phase of the system should only begin mainly after the measure is been defined, they subsequently describe the implementation phase as that phase of the system and practice put in place to collect and process data that allows measurement to be conducted frequently (Bourne et al. 2000, pp. 758). On the contrary, Leinonen (2001) argued that this definition lacks the human aspect of implementation, and is mainly technology oriented; hence, Leinonen (2001) suggested three key conditions needed for the implementation phase.

Firstly, procedures for ongoing measurement need to be establish, “for setting up measures, assigned accountability, target setting and reporting”. Secondly, a new upgraded system capable of solving all IT related issues is required for data collection; processing and reporting must be developed and implemented; thirdly, human relations issues like employees resistance to performance measurement need managing (Leinonen 2001).

Furthermore, Argyris and Kaplan (1994: 83) assert that to overcome the persistence resistance of performance measurement implementation, awareness should be created for both internal and external stakeholders of the organisations, and training initiatives must be put in place; and motivation for the ideas upon implementation and management must be committed throughout the entire process.

2.8.4 Using

Bourne et al. (2000) named PM System as a system that can be used in two ways; (I) for assessing the implementation of strategy, and (II) challenging the assumptions strategically. The emphasis here is that measures come from strategy. The former is used to measure the

accomplishment of its implementation of strategy. To make this possible, Bourne et al. (2000) highlight the need for an organisation's hierarchy to be responsible for performance measurement success. A forum should be created that can foster regular actions such as meetings where the managers can meet to conduct reviews of performance measures, and to further see these actions through by implementing all decisions, while data and feedback collected from this measure can be used to test the authenticity of the strategy.

2.8.5 Update

On the update phase of performance measurement, Bourne et al. (2000) stress the need for an organisation's managers to ensure that the system is vibrant enough to reveal the strategic changes for the organisation. That means to conduct a regular process review, to ensure those targets is made; while new measures are developed to accommodate the changes in performance and meeting the organisation's objectives.

Figure 2.8 Key development phases of performance measurement

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Lancaster Library, Coventry University.

Source: Bourne et al (2000) modified

In summary, the development phase of a performance measurement is a process strategy designed to collect performance data, analyse and distribute the report for managers, and regularly review the performance data that can be used to enhanced decision making in all area within the organisation. This might be meeting targets or adjusting to a particular relationship.

2.9 How to Control and Measure Performance

Tangen (2005) named performance as terms used to describe any concept that can lead to attaining an organisations success and activities. Performance can also be classified as actual output or results of particular accomplishments, how to engage the activity and overall ability to achieve results (Lönnqvist, 2004). Moreover, Fitzgerald et al. (1991) named two types of basic performance for organisation, (1) those features that relates to results, example financial performance and effectiveness, and (2) those other features that focus on results determinants, such as flexibility, quality and resources exploitation).

Equally, Compagno (1997) state that, the introduction of quality initiatives and awards and highlights the significance of performance measurement implementation in SMEs. These initiatives and awards led organisations to introducing new roles, norm and guidelines which they often discover that their management structures are insufficient. Based on this lacking, employing PM System will enhance decision making practises in SMEs and at the same time improve their strategic management decision making and control (Hudson et al. 2001; Tenhunen et al. 2001). Based on the increase impact on continuous improvement led many to believing that PM System truly nurture continuous improvement practices (Neely et al. 2000; Barnes et al. 1998; Lynch and Cross 1991). In addition, since SMEs often have poor strategic scheduling and some not entirely appreciate their key success factor (Greatbanks and Boaden 1998).

Hence, these factors tend to force organisations to the process of designing a PM System to carry out a strategic planning and control before implementation through the use of the underlined gaps between the organisation's present performances with its objectives.

Accordingly, the PM System aids organisation to establish prospective objectives and plan the require enhancement practices (Tenhunen *et al.* 2001). Moreover, according to Lynch and Cross (1991) and Kaplan and Norton (1996) PM System implementation steers learning processes development in which the require improvements need to be enriched.

2.10 Criteria to Test Performance Measurement (PM)

Bourne et al. (2001) stress the need for appropriate selection of suitable properties for effective development of PM System, without this the system will not have any practical value and become meaningless. Hudson et al (2001) took objective view on this and suggests effective approaches that can be applied to development and implementation methods; also, Mills et al. (1995) recommend an attractive process that should be specify to implementation and who should be involved and managed the process.

Furthermore, Bourne et al. (2001) studied the manufacturing strategy developed by Platts (1990, 1994) and uncovered three strategic processes for PM System evaluation which includes entry point, involvement, technique and management. Therefore, applying this processes will enhance the evaluation of entry point effectiveness and audit the existing system, show the area where improvement is require, participation in the process as a method of testing, management and determining if the objectives are met. Besides these illustrations, Artley and Stroh (2001) also suggested three key criteria that can be used to test PM System in SME, the three criteria are:

Strategic criteria → to determine if the measures facilitate strategic planning to prompt the deployment of the require actions to accomplish strategies and objectives. The criteria also help to determine if measures support behaviour with strategy and creativities, and to enable the organisation to focus on its importance.

Quantitative Criteria → help to establish if each measure deliver a clear understanding of improvement towards business strategic objectives and outline the present state, improvement rate and the likely achievement. Also, it identifies and critiques the gaps between the intended performances with the real outcomes.

Qualitative Criteria → help to outlined if the measures and matrices are valued by stake holders and the organisation and if the business objectives is visible.

2.11 Performance Measurement (PM) - Introduction

The preceding sections discussed various issues on performance measurement systems (PMS), other issues like lack of universal or single acceptable definition of PM System. Based on that, this study defined PM System (See section 4.2.2 & figure 2.7).

In addition, this section further deliberates on Performance Measurement (PM) definition while functions, advantages and disadvantages are discussed thereafter.

2.11.1 Definition of Performance Measurement (PM)

According to Maisel (2001) PM can be defined as process that enable organisations to plan, measure and regulate its business performance like sales marketing, daily operations and information technology resources. It also enhances organisations decision making, aligned strategies to achieve anticipated results and aid stakeholder value creation (Maisel, 2001:12). Performance measurement (PM) is also discussed as a system that supports the organisations management thinking (Lebas 1995: 34). In view this, example of PM have been identify, as shown in the research questionnaires help to explore deeply performance issues, such as customer service, cost. PM System, model used and quality measures.

Also, Drongelen and Fisscher (2003) defined performance measurement as a process that encourages reporting at two levels (1) within the organisation between manager and their subordinates, (2) the whole organisation reporting to external stakeholders. While the two levels exist, there are also three actors which includes (1) evaluators – the organisation managers and stakeholders (2) evaluatee, e.g. middle, organisation (3) assessor, e.g. individual or institution measuring the usefulness and efficiency of performance while reporting the output (Drongelen and Fisscher 2003: 52).

Furthermore, in this study, performance measurement are the set of measures employed and use by the SMEs in their business to help determine how well the business is doing, direction & growth and if the business is making profit for the stakeholders. Those sets of measures were investigated by the researcher known as variables which include the used PM Systems, supplier & quality measures, leadership & planning, information & technology management and strategy. It also covers financial and non-financial measures and key determinants, for more on these variables see chapter 5 data collection and analysis.

2.12 Benefits of Performance Measurement

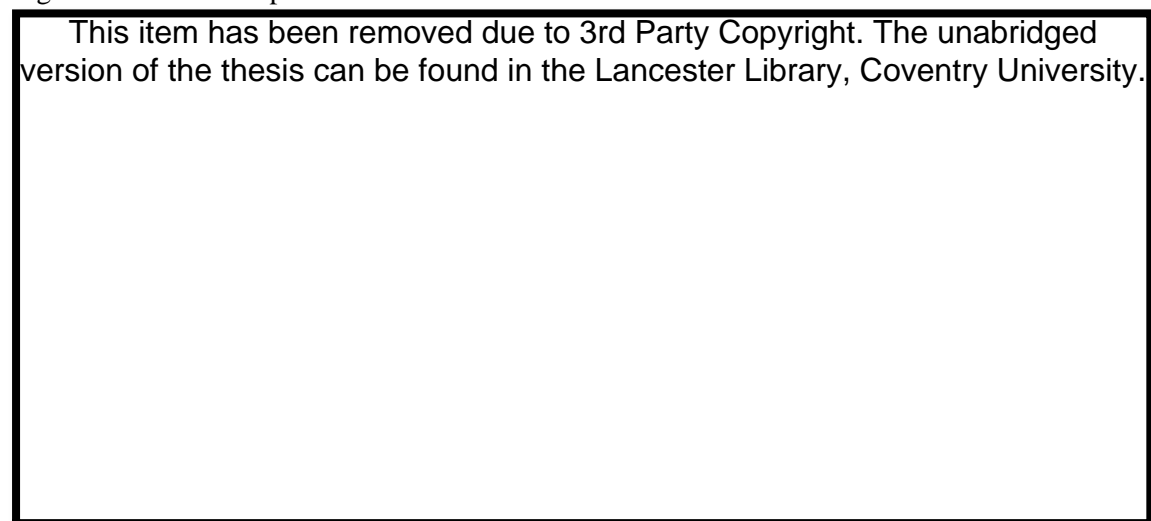
Performance measurement often used by some practitioners to facilitate evaluations with other organisations for the purpose of quality improvement; or as financial measures for the business and stakeholders of the organisation. Others use it to determine the annual bonuses for the employees. According to (Kald & Nilsson 2000), the constant assessments of performance with other business units partly relates to the strong link between strategic planning and the measures applied by the organisation. Such measures are link to the introduction of a system such as ISO 9001 that accounts for the assessment.

Kald and Nilsson (2000) further highlight the limited role performance measurement plays in creating values for stakeholders in organisations; hence, the advice that performance measurement should be designed to accommodate information on values creation for the shareholders. For example, Argyris (1977) held that performance measurement should contribute to a greater perception of how the business operates.

Jonsson and Gronlund (1988) states that performance measurement should be established at all levels of an organisation, to enhance the conduct in accordance with the business strategy and so supported by (Kaplan and Norton 1996).

Figure 3.3 represents the ultimate benefits of the PM System, and shows how the PM system can contribute to an organisation and its operations right from the corporate level of organisations. This statement is also in line with Kaplan and Norton (1996), who established that an organisation's hierarchy must pre-determine if the organisation is conducted according to its strategy.

Figure 2.9 Benefits of performance measurement



Source: (Adopted from Kald & Nilsson 2000)

Other benefits of performance measurement include:

It enables practitioners and operators to define and track performance on metrics for every strategic objective set by their unit and organisation. By acknowledging the performance that falls short of targets; i.e. if an organisation's goal was to reduce order-processing errors by

15%, but was able to reduce by 10%; the hierarchy can then address the causes of the shortfall and work continuously to improve performance.

It helps to highlight performance in different parts of an organisation and its effectiveness in other parts, i.e. an organisation might discover that their logistics staffs has achieved the objectives by accelerating order-delivery time by 15%, and this helps the customer service department meet its objectives. This action would increase customer's satisfaction by 20%.

Performance measurement helps in enhancing the interrelationships that enables an organisation to make more strategic decisions.

It also makes it possible for organisations to increase its budget, workforce and introduce more efficient processes to improve performance. According to Simons (1995) application of Kald & Nilsson model help organisations to achieve two purposes namely, facilitate business strategy implementation and changes of strategy when the need arises. It also foster better understanding, alliance and information sharing between organisational units, help stakeholders have clarity about their assistances towards attainment of strategy and business objectives (Robinson 2004; Papalexandris et al, 2004)

As acknowledged, there are many benefits of performance measurements. However, before these overwhelming benefits can be achieve, business departments must be structure for these objectives where hierarchy within the organisation could monitor activities. This study will strive in its course to illustrates the benefits of performance measures organisations can derive objectives are to highlight organisations strategic objectives in SMEs performance measurement and business goals.

2.13 Functions of Performance Measurement (PM)

Performance measurement grouping is crucial because it is a core system that enhances performance constantly and supportive of organisation's corporate objectives; Melnyk et al. (2004) indicated that PM Systems affords organisations with tools and the methods that enable three crucial functions. Such functions include:

- Communication, Information and Control; which are the crucial elements or building blocks of a PM System
- Neely et al. (1998) further organized performance measurement into four main categories:

- *Examining position* → this covers establishing the present situation and progress performance over period of time
- *Highlights importance* → communicate progress report and priorities with both internal and external stakeholders.
- *Communicating results* → awareness of individual roles, benchmarking progress performance and fulfilment with directives
- *Insert authority* → establish relationships that will change employee's attitude, monitoring the progress, rewarding their effort and controlling their behaviour.

The performance measures are to communicate specific issues that enhance improvement.

In summary, these four points indicate a stream process of performance measurement, illustrating how it applied in an organisation, while several others relate to this from a quality management viewpoint (Oakland 2004). PM Systems helps to achieve its set out goals and highlighted areas for improvement within an organisation, and enhances specific performance such as communication and set criteria, as mentioned above.

In addition, writers and researchers have previously identified seventeen roles of a PM System. Neely et al. (2000) argued that the essential role of a PM System is to 'measure performance,' and this role is vital and necessary for an organisation's strategy. They further affirmed their support for generated values from process designing performance measurement, i.e. at the implementation or data collection phase.

(Melnik et al. 2004; Godener & Soderquist 2004 and Waal 2007) on a similar note affirmed their support for the use of PM System as the process that helps organisations to achieve both financial and non-financial efficiency, set targets, and also improve customer services for the short and long term for the practitioners.

The tables below, further highlights the significance of performance measurement, and the advantages and the disadvantages. The use of performance measurement results for learning and continuous improvement, and resource allocation also highlighted by Godener and Sodeguist (2004) as crucial to its success.

2.13.1 Advantages and disadvantages of Performance Measurement (PM)

According to Waal et al. (2009), the key source to discover the pro and cons of performance measurement and the basis for its use are through management and academic literatures,

where experiences of organisations that have applied the performance measurement systems can be found.

Where the organisations have implemented performance measurement for various reasons and stages within their respective organisation; table 3.1 elaborates on some of the sources where performance measurement had been used and reasons for such usage.

Table 2.4 Performance Measurement Quantitative Advantages

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Source: Kourtit and Waal (2009)

Table 2.5 Performance Measurement Advantages Qualitative

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Source: Kourtit and Waal (2009)

Table 2.6 Disadvantage of PM System Usage

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Source: Kourtit and Waal (2009)

Summaries of table (1) and (2) above, the advantages for the use of PM System:

Table (1): (Epstein et al. 2000; Sim and Koh, 2001; Davis and Albright, 2002 & 2004; Waal, 2002; Braam and Nijssen, 2000 & 2004; Robinson, 2004; Said et al. 2003; and Neely et al. 2004) affirmed that organisations can derive numerous quantitative benefits from using PM Systems.

Waal (2002) further supported these benefits of performance measurement strategies implemented in line with the business objectives to generate long-term benefits irrespective of the sector. Such benefits include increase in revenue, profitability and cost reductions. All these together are vital to organisation's success.

Table 2 (Kald & Nilsson 2000 & 2004; Papalexandris et al. 2004; Neely et al. 2000; Robinson 2004; Mooraj et al., 1999; Self 2004; Dumond 1994; Bititci et al. 2004; Lawson et al. 2005 & 2004; IOMA; business Intelligence at Work, 2005; Tapinos et al. 2005; Malina & Selto, 2001; Shulver & Antarkar, 2001 and Lovell et al. 2002). Are all of in support of the those organisation's that implements and used PM System experience positive results, such results includes increased focus on measuring the essential and achieving the results for the organisation, strategic communications enhancement, quicker collaboration and high quality of performance data and alignment with the organisation.

2.14 Performance Measurement Cycle

Spitzer (2007) states that, in order for an organisation to, completely realise their performance measurement visions, there must be a complete interaction at each phase of the process that can visualize what needs to be measured and how to measure it. Figure 2:10 illustrates “The Performance Measurement Cycle”. This cycle highlights all of the activities that form the enlargement vision of PM System for an organisation.

Figure 2.10The Performance Measurement Cycle

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Source: (Adopted from Spitzer 2007)

1. Plan → is the starting point for this cycle, and the vital features of planning that structure the right measurement queries, which carefully considers and entails the vision and mission of an organisation and its values. It enables all intangible factors translated into tangible inquiries in accordance with the organisation’s aims and objectives.

Due to the sensitivity of data that goes through this cycle, this phase of performance measurement is often delegated to an expert in processing data for the organisation, otherwise the entire performance measurement process would collapse before it even begins.

Planning is generally, regarded as the steering wheel that drives the performance measurement process.

2. Select → this phase involves identifying what need to be measure as the focus is at the critical and high priority of the organisation, such as organisational transformation, and

emergent and well-established measures. This phase requires recursive dialogue and debate to define the required measures for the organisation. The internal stakeholders can be empowered to query the existing measures, why they are trying out the developed measures. As this phase involves transformation and process discovery, it also defines the operation as an abstract for quality; as quality and productivity often defined differently, so are the concepts. This phase also developed frameworks, if needed, for interrelationships and trade-offs among other manageable measures.

3. Collect → at this phase, once the relevant measures are established, the data collection can begin after the required collection instruments and sampling plan are developed. This phase must be well developed and implemented, while the operation should be, handled by an expert or experienced employee for efficient operation.

4. Analyse → the analysed phase is rather technical and similar to the collect phase, must be handled by an experienced person or employee. Many organisations sometimes outsource this phase of performance system measurement due to its sophistication and continued process of analysis that occurs; and is highly interactive.

4. Interpret → this phase commences after the data has been analysed and then interpreted. Sometimes many organisations tend to ignore this crucial phase of performance measurement because they often think it to be too evident, or assume it self-interpreted. It is, however, a significant phase of performance measurement, not just simply a routine.

5. Decide → at this phase the organisation must decide what needs to be done, if anything based on the data interpreted. This serves as decision time for the organisation's hierarchy to measure and take action, or the aim of measures would be completely defected.

6. Commit → at this phase, once the required action has been decided, then organisations should then decide if is important to buy-in from others. This means the organisation must have a dialogue with the stakeholders, and the stakeholders must commit to any of the necessary actions required based on their real knowledge, not just a reaction resulting from the data interpretation.

7. Take Action → the action phase are implemented as readiness for action when necessary for effectiveness. It is, however, dependent on what is been done in previous phases of the

cycle. In the action phase, actions taken on full understanding of the meaning of the data collected.

9. Review → it is the final phase of the performance measurement cycle. At this review phase, all aspects of the cycle that are important are subject to review. It also continues improvement for the organisation with a feedback loop. This phase feeds back to a selected phase and empowers employees to question any dysfunctional measures. Organisations often call this metric when the necessary actions validated and are ready for use.

10. Dialogue as the key to measurement interactivity

The phrase ‘dialogue’ has a shared collective meaning; it drives cross-functional operations from all other phases within the cycle. It enables a balanced view from different perspectives and acts as an important portion of the total transformation of measurement put together as corporate learning, linking and integration. Many organisations had failed to engage in dialogue, and do not question; and tend to leave with no commitment to action.

In summary, Spitzer (2007) further argued that in order for an organisation to gain the maximum benefits from the performance measurement cycles, they should begin by asking questions such as:

As an organisation, how should we measure success?

How can we maximize the likelihood as a persistent process for all the stakeholders to achieve the utmost measure success as a team?

Additionally, Spitzer also stresses the need for organisations to direct their focus on the direction that can lead them to achieving the organisation’s vision and mission at the early phase of the performance measurement. By doing so, they will be able to ask and answer some fundamental question such as;

- What does success look like?
- How will we know that when we have achieved success?
- How will we know we are making progress?

Finally, it is important for organisations to have appropriate coordination in order not to miss the opportunity to close the loop, while reflecting on measures that would dramatically improve all kinds of measurement and related abilities.

2.15 Why Organisations Measure Performance

Generally, people often ask questions like, why measure; or what is behind this measuring of performance? Performance is not an end itself, so why do organisational managers measure performance to achieve a specific managerial purpose (Behn 2003)? Setting goals and objectives enables organisations to know how well they are doing, and plays crucial roles in determining what measure is needed (Muse 2000).

Traditional performance measures seen as having main accounting concepts regarded as inadequate to evaluate the totality of performance against organisational strategic objectives. External stakeholders also see them as mapping the process performance and improvement. As affirmed by Spitzer (2007) in the performance measurement cycle, performance measurement plays a significant role in;

- Detecting and tracking progress against organisational objectives;
- Identifying opportunities for improvement;
- Linking and setting the required standard for organisations

An organisation reviewing their performance is a significant step when formulating the strategic direction of the organisation; it also helps to identify their strengths and weaknesses as part of the 'Plan → Do → check → Act' cycle (Deming cycle cited in Spitzer's 2007). Performance measurement plays a key role in implementing a process improvement such as quality and productivity. The crucial reasons for this process improvement are:

- To meet the external stakeholder's demands
- To set achievable objectives and to fulfil them
- To provide comparisons and establish standards
- To establish a feedback mechanism that will encourage improvement initiative.
- To identify areas that needs priority attention.

Organisational managers must understand the impact of performance measurement implementation has on business performance. As Melnyk et al. (2004) stated, PM System affords organisations with tools and the method that enables crucial functions. The objectives should be clear on the current and eliminating any decline in performance.

In addition, performances are generally measured in different ways in different organisations, and according to Melnyk et al. (2004), different functions are performed in different organisations, irrespective of business functions or sector.

Performance measurement enables organisation to:

- Recognise whether the organisation is making progress, and helps provide corrective measures for improvement.
- Help compete with its competitors.
- It helps in shaping an organisation's behaviour.
- Help creates advantages and earning power that are important in determining the resources of the organisation.

Judging from the above illustrations performance measurement cycle; and reasons why organisations measures can easily be identified through the significance of the cycle and why each process helps in identifying the gap within an organisation for its strategic direction. As Melnyk et al. (2004) affirmed, PM System affords an organisation with the tools and methods that enables crucial functions, and for these functions to be effectively perform, criteria must be set and met for organisations to measure its performance.

2.16 Summary

The performance measures, indicators, and metrics have been illustrates from the development phase to the final phase. Also illustrated is why the systems should have the capacity to ascertain the results for decision-making and for improving all of the units within an organisation; and team management. The study also defined PM Systems that add to the existing definitions and some modifications made in the development phase of the system in the content of the study domain.

Also in this chapter, performance measurement was re-examined and conceptual frameworks discussed in regards to its effectiveness and efficiency. These frameworks have the strong strategic approach for organisations to achieve their mission and visions. Other frameworks such as 'EFQM' are analysed indicating as appropriate for benchmarking against an organisation's performance, and as the best method of measurement approach.

As mentioned earlier, performance is not an end in itself, but for setting goals and objectives for organisation managers to know how well the business is performing, and also as a determining factor of what needs measuring.

Chapter 3 - Conceptualisation of PM Systems in SMEs

3.1 Introduction

In this section, the study presents the general information regarding SMEs' background. In particular, the research location; in this case, the 'northern Nigeria,' and its geographical location, developments, and the SMEs' role in Nigerian economic development. The later section focuses specifically on highlighting the SME's practices, performance measures and management. It aims at increasing all readers' knowledge and interest for this study on how performance measurement systems have been use by SME operators. The roles of PM System in SMEs and the likely factors hindering their development, the human factor of a PM System in small and medium enterprise; key success factors in SMEs, and performance measures theoretical framework for SMEs are also highlighted.

3.2 The Small and Medium-Sized Enterprise (SMEs) Overview

In the recent past, SMEs have gained momentum, especially in Europe and America, due to their role in job creation and economic development. There are several articles on SMEs from various researchers, authors and academics in recent times, published on a number of issues for this sector. However, the focus of these publications is mostly about Europe, Asia or America, but very little has been written on the same sector in Africa and sub-Saharan Africa. While some of the publications focused on management of SMEs, some are on performance and analysis of the determined factors for its success or failure. This section of the study builds on the research previously conducted on SME performance measurement systems, with the view of highlighting the features and basic requirements; while the later section develops a conceptual framework for SMEs as indicated above.

3.3 Northern Nigeria

Northern Nigeria mostly comprises of Hausa and Fulani tribes, created in the 1900s by the British colony. The foundation of this colony came from the Treaty of Berlin that widely granted northern Nigeria to Britain based on their protectorates in southern Nigeria. Frederick Lugard was appointed as the Governor by Britain. The resources were limited while he gradually negotiated with the northern emirates to accept the British rules; this was the only way for him by bring the local rulers (emirates) on board his government through their

consent and policies. Frederick Lugard left Nigeria several years later to serve in Hong Kong, returning afterwards in 1914, and preceded with the merger of northern and southern Nigeria.

3.3.1 History of Northern Nigeria

Northern Nigeria is largely occupied by the Hausa, Guari, Fulani, Borim, Kanuri, Jukun, Tiv and several other tribal groups. People from other parts migrated to northern Nigeria due to its vast economic development. With over 53 million populations, it is the largest population in West Africa, due to the intermarriages.

The Hausas are the main tribe → they are the Sahelian people located in the West Africa provinces of northern Nigeria, south-eastern Niger, Sudan, Cameroon, Ghana, Cote d'Ivoire, and Chad. They scatter in smaller communities throughout West Africa and the traditional Hajj route across the Sahara Desert. Due to decline of the Sokoto, they previously denominated and controlled northern Nigeria around 800 BCE and 200 CE. The Hausas now emerge as the dominant authority in the region and connected with the Kanuri people of Kanem-Bornu (Lake Chad), the Hausa aristocracy adopted Islam in the eleventh century CE.

3.3.2 The People and Culture of Northern Nigeria

The Hausa and Fulani cultures are similar, which encourages a greater integration between the two tribes. In today's modern society, they are often known as and called Hausa-Fulani, rather than as individual groups; and the Fulanis in this area do not differentiate themselves from the Hausas.

Traditionally, the Hausas have been Muslims since the fourteenth century until this present time, and they have succeeded in converting other Nigerian tribes to the Muslim faith. In the early days, many of their mosques and places were colourful, which often included complex symbols designed into the façade; Arabic is taught and spoken in the schools. The Arabic scripts are utilised and were modified around 1500 CE, known today as Ajami, and are used to record and translate into the Hausa language.

Judging from this mixed and cultural development, therefore, evidently established that the region has enormous development, and attributed to early colonisation by the British. Hence, a study of this nature is better channelled in this region, as the region is largely developed and job creation is largely from the SMEs discussed in the next section.

3.4 The Small and Medium-Sized Enterprise (SMEs) Overview

Historically, SMEs have gained momentum, globally due to its role in job creation and economic development. Also, several articles have been on SMEs from various researchers and academics in recent times on many issues affecting SMEs sector. Besides, the focus of these publications centred mostly about America, Europe and Asia or but very little has been written in the same sector on both African and sub-Saharan Africa. While some of the publications focused on management of SMEs, some are on performance and analysis of the determined factors for its success or failure. This section of the study builds on the research previously conducted on SME performance measurement systems, with the view of highlighting its features and basic requirements; while the later section develops a conceptual framework for SMEs as indicated above.

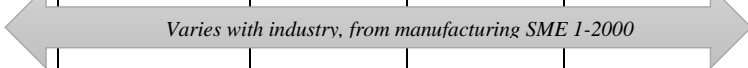
3.4.1 Small and Medium-Sized Enterprise (SMEs) Definitions

Historically, there is no restriction on SMEs definition due to its classification differences from one country to another, as indicated in the table 3.1; the characterization of SME is based on maximum number of staff and the annual turnover.

In Nigeria, the Central Bank of Nigeria (CBN), the main lender to SME sector, defined SMEs as an enterprise with an asset base excluding 'land' of between ₦50 million – ₦500 million, with staff of between 11 and 300. The Nigeria's National Council on Industry also classified SMEs regarding employment based as one with between 10 and 300 employees (Udechukwu 2003).

In this study, the Nigeria definition is used (i.e. small and medium-sized enterprise (SMEs) are those with 1-99 employees), with a maximum asset based of ₦1.5 Million with a revenue of ₦500 Millions (CBN 2009)

Table 3.1 Small and Medium Sized Enterprise (SMEs) Global Definitions

Country	(A) Medium-sized enterprise Head count	(B) Small enterprise Head count	(C) Micro enterprise Head count	Annual turnover
Nigeria (CBN, 2009)	(100-199)	(50-99)	(20-49)	₦50 - ₦500 million
China (Chinese Central Government, 2002)	300-2000	<300		¥30million-300million
				
America (SAB, 2007)	<250	<50	<10	≤ \$56 million → A ≤ \$13 million → B ≤ \$3 million → C
United Kingdom (UK) (Dept. for Business Innovation & Skills, 2011)	<250	<50	<10	≤ £460 million → A ≤ £422 million → B ≤ £1.565 million → C
EU (EC, 2003)	< 250	< 50	< 19	≤ €50 million → A ≤ €10 million → B ≤ €2 million → C

Globally, the SMEs play a significant role in creating employment, and making meaningful contributions to economic development objectives. This objective includes output expansion and location of industry among the region. SMEs are identified to be the forerunner in economic reconstruction of many nations (Ihua 2009).

In Nigeria, the SMEs is regarded as the backbone to the economy, with 97 per cent of the nation's business employs less than 100 employees (Federal Office of Statistics 2009), and 97 per cent of all business in Nigeria is through SMEs. The SME sector offers 50 per cent of Nigeria employment and 50 per cent of its industrial output (FOS 2009).

Classic features of SMEs include: innovation through research and development that help foster the national economic development by exploring management programmes (Ihua 2009; Oliver *et al.* 2000; Keizer *et al.* 2002). The sector is faster in decision implementation by alleviating all external threats and exploiting opportunities (Murphy and Ledwith 2007). There is less bureaucracy in SMEs, are more vertically integrated than other sectors; it enhances performance management. On the other hand, the disadvantage is that practitioners focus more on day-to-day operation, instead of planning (Deros *et al.* 2006). In some emerging countries, SMEs form the largest cluster of manufacturing firms, which essentially provide speciality manufacturing and support services to large firms (Huin *et al.* 2002).

SMEs are often flexible and competitive in meeting the demands and needs of their customers (Murphy and Ledworth 2007).

3.5 The SMEs and Nigerian Economic Development

Several empirical evaluations and studies, including the Federal Office of Statistics (FOS), revealed eminently the contribution SMEs makes to the Nigerian economy development. There is also undeniable evidence that the sector has significantly provided Nigerians with job opportunities, including the marketing of goods and services and the growth and development of rural areas (FOS 2009). According to Aruwa (2006) SMEs are an important means to the economic development, which has brought about the development of indigenous entrepreneurship in Nigeria. SMEs have contributed significant to Nigeria's economic development and on average employed over 50 percent of the working population, also, the bedrock of the nation (Federal office of Statistics 2009; Ihua 2009).

The SMEs have long existed since Nigeria became independent, and are regarded as an instrument of economic and national development with conscious effort initiated during the 70s, when the policy on indigenisation was adopted through a national development programme. The development of a framework for SMEs will further help Nigeria's economy to be self-sufficient with industrialisation, entrepreneurial growth through employment generation, and with an increase in trade export (NDP 1970). In addition, apart from the various development programmes formed during the 70s to promote SMEs' growth, the government further promulgated several regulations to protect the SME sector.

Some of the regulations include:

- Nigeria Enterprises Promotion Act No. 3 of 1977.
- Patent Right and Design Act No. 60 of 1979.
- Custom Duties and Subsidised goods Act. No 9 of 1959.
- Industrial Promotion Act No 40 of 1979.
- Industrial Development Tax Act No. 2 of 1971.

Furthermore, apart from SMEs being the catalyst of the nation economic development (Aruwa 2006), the sector also enjoys favourable support from the government; this includes investment policies, protective financial and business law policies, and institutional and fiscal measures to enhance the nation's development (Tijani 2004).

Finally, SMEs are important to Nigeria and the world economy, especially to the developed countries with a broad category in generating employment and incomes challenges, also involved in the development of appropriate technology for the larger business sector. SMEs also known to recognise the rewards derived from an integrated supply chain involving collective relationships (Mudambi *et al.* 2004; Meehan and Muir 2008).

3.6 The SMEs Contribution to Development in Africa

According to Gatt (2012), the SMEs are increasingly gaining recognition for dynamic economic growth, as drivers and developers for countries in Africa; for example, in Ghana SMEs are estimated to have generated 70 per cent of the country's gross domestic product (GDP) and provide 92 per cent of the country's businesses, while in South Africa, 91 per cent of businesses are SMEs, also, Nigeria's manufacturing businesses make of up 70 per cent SMEs.

Overall, the SMEs contributions are not limited to economic development but significantly serve as incentives for economic expansion that help in the expansion of new unsaturated economy sectors.

Similarly, SMEs encourage innovation and technology, also provide a vital podium for expansion outside domestic markets and borders; they encourage international and intra-regional market just like the American SMEs.

Based on this emergence of SMEs across sub-Saharan Africa with the potential the SMEs hold, it is essential to assess their development, support and success potential across the continent.

Figure 3.1 Established Business Ownership Rate (%) (5)

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Source: Adopted from Gatt (2012)

The increased number of SMEs is visible in Africa; according to the Global Entrepreneurship Monitor (GEM) on Angola, Uganda, South Africa, Ghana and Zambia which declared that the number of small businesses established is high. Figure 3.1 further shows the percentage of small businesses established in some of the African Nations; this includes Ghana 40 per cent and Uganda 27 per cent respectively in 2010, and both countries are considerably higher than China and Brazil which were under 15 per cent during the same period. On the other hand, other countries that established small businesses were below 10 per cent. Angola and South Africa have similar figures to France, United Kingdom and United States of America demonstrating that small business establishment is growing in many Africa nations; it is comparatively average in countries and regions around the world.

Finally, the trend highlighted for SME development in Africa in the past few years, also illustrates those SMEs numbers in Africa are increasing with higher expectations though with low growth in some regions in comparison with the rest of the world and the support given by governments differ through the continent indicating some constraints.

3.7 The SMEs Contributions to Development in Europe

According to the European Commission (2013), the European SMEs sector performed significantly in 2012 and 2013 which is attributed to low barrier to entry especially in the services sector, while manufacturing experience little weakening in value-added and employment. Apart from this adverse trend, low tech witnessed an improvement.

Also, SMEs in the information Technology (IT) services grew greatly in class between 2008 and 2012, and the high tech SMEs also shown significant increase and improvement in the same period (European Commission 2013).

Similarly, Carnazza (2011) states that SMEs play a vital role within the European economy in relation to employment formation, enterprise increase in number and value-added.

Table 3.3 below further demonstrates these roles and changes year after year within the European Union (EU) with some selected countries higher than others, like the top five shown on the table (France, Germany, Italy, Spain and the United Kingdom) while the Czech Republic represents the Eastern Europe.

Table 3.2 Number of Enterprises, by enterprise size class, 2008

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Source: EIM Business & Policy

According to the European Commission (2008) 21 million non-financial enterprises were set up, among which 43,000 were large enterprises (LSEs), while the SMEs stood at 99.8 per cent and micro at 91.8 per cent; micro enterprises are often considered as the most usual European organisation, see table 3.3 above.

Moreover, comparing the selected countries with the European average, the focus will be on two aspects, but on the other hand, it is astonishing to note that the number of LSEs and SMEs are comparable between the two sectors. The SMEs stood at 99.5 per cent of the overall number of enterprises, while Italian and Spanish figures were the highest at 99.9 per cent. Similarly, Germany and United Kingdom on the micro enterprises were 83.1 percent and 87.5 percent respectively, on overall enterprise were less in comparison to Italy 94.6 per cent, France 92.3 percent Spain 92.2 percent and the Czech Republic 95.1 percent. The micro can be categorised into three important elements: (1) the average size organisation accesses, the SMEs concentration and the average size of the enterprises.

Finally, the above analysis clearly indicates the important role the SMEs play within the European Union in terms of employment creation and valued-added.

3.8 The SMEs Contributions to Development in Asia

According to the study conducted by the Organisation for Economic Co-operation and Development (OECD 2004), SMEs contribute around 55 percent of the GDP, while 65 per cent of overall employment came from SMEs indicating the importance and contributions of

the SMEs to the economy. This trend was possibly due to priority given to reforms and policies to enhance growth and encourage the deprived SMEs to involve in higher value-added and contribute to the sector (OECD 2004).

SMEs are the backbone of national economies among the Asian countries, the Pacific and the regional sector growth; the countries are robust to national economies development accounting for 98 percent of all enterprises and average of 66 percent of the workforce during 2007-2012 (ADB 2013).

The Asian Development Bank (ADB 2013) further declares that, due to the global economic crisis, the Asian countries and the Pacific regulators and policy are required to make strategic decisions to stimulate their economy and boost growth in all sectors.

It can be restated that, 38 per cent of the GDP on manufacturing valued-added was from the SMEs' contributions on average in 2007-2012 as an indication that the regional economics can grow further, the SMEs also inspire trade among the regional countries (ADB 2013).

Moreover, 30 per cent average export value came from the SMEs in Asia around 2007-2012; also, in the People's Republic of China (PRC), total exports amounted to 41.5 per cent in 2012 representing a yearly increase of 6.8 percent, Thailand recorded 28.8 per cent on export value with 3.7 per cent growth and by the same token, SMEs also formed part of the supply chain with a prospect of growth and to stimulate domestic demand and international trade (ADB 2013).

The Asian Development Bank (ADB) further hinted that, in order to maintain these trends, adequate finance and access to credit to eliminate the gap between demand and supply in lending to SMEs, as the case is with some Asian countries where credit guarantees to SMEs are effective.

3.9 The SMEs Contributions to American Economic Development

According to Vives (2005) about 90 percent of world businesses are SMEs, while 50 to 60 per cent employment comes from the SME sector; on the other hand, in Latin America, 95 percent of organisations are SMEs and account for 40-50 percent employment.

As at 2003 within the Europe Union, roughly 20 million SMEs with up to 250 employees generated over 80 million jobs, while in United States where SMEs are defined as those with less than 500 employees, which 99.7 percent organisations are categorised as small

businesses, generates 50 percent of the country's employment, and 50 percent of the GDP from non-farm GDP SMEs in America (Vives 2005)

Apart from this positive trend on SMEs contributions to job creation in American countries, the SME in the USA is regarded as the highest in export, they outperform the non-exporting SMEs by a considerable margin and measures. According to the US export commission (2009), the revenue generated from manufacturing exporting SMEs was double their non-exporting SMEs (see table 3.4). Also, the SMEs export growth amounted to 37 percent between 2005 and 2009 respectively, while the non-exporting SMEs witness a decline of 7 percent over the same period; the exporting SMEs labour productivity and measures per employee was greater by 70 per cent compare to the non-exporting SMEs.

Table 3.3 U.S. SMEs Exporters with Non-Exporters Comparison

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Source: Bureau of Economic Analysis (2010)

The United States International Trade Commission (USITC 2010) also reported that, the service SMEs exporters tend to generate more revenue than the larger exporting service organisations, they provided a small amount of services to customers in America but on the other hand, they are more exporting-intensive during the 2002 and 2005 period than larger service exporters. The services SMEs exporters on average generated 22 per cent of the overall revenue from the exports, while the large services exporter only provided 15 percent.

Mostly, the SMEs in America serve foreign buyers differently from large organisations, the commission guessed that the SMEs regularly serve their foreign clients through direct export

without the involvement of any foreign partners and the direct exporting amounted to 73 percent of overall foreign sales, while the 27 percent goes through foreign partners' American-based SMEs (USITC 2010).

Finally, the preceding analysis illustrates the importance of SMEs contributions to jobs and revenue generation even though it differs between regions and states. Nonetheless, they play a vital role for both low and high income nations, and according to Dalberg (2011) in spite of the differences in size and performance of the SMEs, they generally make significant contributions to countries' employment, GDP, innovation and collaboration with other business sectors.

3.10 Roles of Performance Measurement System (PM System) in SME

The study of PM Systems has been on the increase since the 1980s; such are the efficient systems that can support the decision making of an organisation in assembling and analysing information (Neely *et al.* 2002). The earlier models created were met with criticism, as they focused on financial measures and were non-balanced to support organisations' performance visions. This criticism leads to creating multi-dimensional models to support the larger organisation's performance management (Sinclair and Zairi 2000).

In recent times, several studies have indicated an increase in the number of those calling for a transformation of managerial culture and rationalisation, although small and large organisations are different from one another (i.e. innovation, uncertainty and evolution). In addition, there are several underlined uncertainties drawn from the literature on issues facing the small and medium organisations attributed to the environment in which the SME operates; caused by limited human and financial resources (McAdam 2002). Without this internal inconsistency of its aspirations, conducts and hindrances, performance measurement systems should support SMEs to coordinate all the uncertainty by innovating the product and services, and then manage the change process (Garengo *et al.* 2005).

Hence, some favourable changes have been recorded in favour of PM System's implementation in SMEs, especially in manufacturing (Garengo *et al.* 2005). This change creates a favourable environment for PM System implementation in SMEs as follows:

- The evolution of competitive environments
- The prosperity to grow in dimension

- The evolution of a quality concept and continuous improvement
- Innovation in information technology.

This evolution of competitive environments brought about quality that enables organisations to prosper and grow in dimension (Boldizzoni and Serio 2003).

Boldizzoni and Serio (2003) subsequently affirmed that if PM Systems are not exclusively on financial measures, they could play a significant role in supporting growth and improving the complexity of quality initiatives and norms in SMEs. This is because the SME practitioners often initiate norms or implement new directives for quality management, and often discover that these new directives are insufficient. Hence, the PM System could well enhance the decision-making practices and correct this insufficiency in SMEs (Hudson 2001; Tenhunen *et al.* 2001). Finally, PM Systems could help support the process of continuous improvement (Neely 1996; 2000) by eliminating the poor planning, enhance success, and identify the gaps between the current performance and objectives. It could also help to set future objectives and map out areas that require improvement (Tenhunen *et al.* 2001).

3.11 Factors Hindering Performance in Small and Medium-Sized Enterprise (SMEs)

Measuring the performance of SMEs is highly complex (Shrader 2007; Bernardi and Biazzo 2003; Martins and Salerno 1999). These huge challenges are more diverse from those of large organisations and attributed to the existing systems design that requires a different management culture.

As Kaplan and Norton (2001b) confirmed, sustainable performance measures such as Balanced Scorecard (BSC) must have a process of transformation, and not a metric project. That could clarify its value within large organisations through effective implementation. Nevertheless, in the case of SMEs, it begins with the implementation process itself. However, a successful development and implementation progression requires enforcement to effect any viable changes (Bourne *et al.* 1999; 2000).

Some of the key factors hindering the performance of SMEs are as follows:

1. Information gathering privately held by SMEs can be difficult, resulting from non-historical data and accessibility; such information or data is prone to be difficult for

verification for accuracy. For example, financial data for its measures is not always available (Wang and Ang 2004).

2. Majority of SME's key focuses are on day-to-day business operations; hence, some lack sufficient resources to implement comprehensive performance measures (Bolden 2007).
3. Long-term relationships with SMEs require new demands in terms of skills and talents and necessitate major business and cultural change. These demands concentrate their impact on senior management, which SMEs often based on family or past family ownership (National Federation of Builders 2007).
4. Variable measures such as future survival and profitability often require a longitudinal sampling and design, which would be inappropriate for SMEs (Wang and Ang 2004).
5. Some lack self-motivation, dynamic and drive, with high growth and expansion, and are only into business just to survive (Peacock 2004).
6. Education attainment on SMEs management and ownership help drive success on operational activities, while SMEs from the developing countries are often unable to communicate in international languages and gain access to the global market (Sarosa and Zowghi 2003)

Furthermore, SMEs lack a formal decision-making process; hence, the strategies are usually badly planned, and in essence affect the basic PM System in SMEs (Garengo *et al.* 2005).

Finally, regarding Nigeria in particular, SMEs contribute up to 50 per cent of the work force, and most people are self-employed. The key hindrance of the SMEs is attributed to lack of robust financial incentives for the practitioners. Whenever the enterprise goes bankrupt, it has serious negative effects on the majority of the stakeholders.

If an entrepreneur loses their capital, this can lead to job losses that further affect the society, and there would be no means of production and distribution of goods and services. In turn, the government will lose the revenue it would have generated from tax collections. These factors further result in the reduction of general standard of living (Ihua 2009).

3.12 Human Factors of Performance Measurement Systems SMEs

The above highlights the challenges hindering the performance of SMEs in spite of their importance to economic development of many countries globally. In addition, many researchers have mentioned that specific characteristics of SMEs hindrance are due to implementation and the use of PM Systems.

Therefore, some of the hindrances linked to some factors, and they are as follows:

Lack of human resources → SMEs has inadequate resources. Greater percentage of staff members are engaged in managing daily operations, while other activities suffer, such as PM System's implementation (Tenhunen *et al.* 2001; McAdam 2000; Hudson *et al.* 2000).

Improper technically established performance indicator → in order to adequately appraise performance measurement, a process indicator should be established that would directly affect the results of performance appraisal. An organisation should set the right indicators to focus on targets and provide employees with information as guiding tools. It is a proven fact that various issues do occur in choosing performance indicators. (i.e., the establishment of indicators often drift from enterprise's strategic objectives, which does not reflect the enterprise's strategic intent properly and fail as a result.)

Misconception of PM Systems → Bourne (2001) highlights that PM System implementation efficiency is possible only when the organisation has perceived the system, as SMEs don't always realise the prospective gain of implementing a PM System, as the systems are termed as bureaucratic and as obstacles to the SME's flexibility (McAdam, 2000; Hvolby and Thorstenson 2000).

Performance appraisal becomes a mere procedure → because of manager's unawareness and employee's limited co-operation, performance appraisal is seen as a mere procedure. Many employees tend to view performance appraisal as meaningless as many employers do not use appraisal system in their organisation to help employee's improve on their performance abilities, responsibilities and behaviour. Hence, some issues re-emerge without meaningful changes, and in that case the employees are not informed and lack the knowledge, then fail to adapt to the needs of enterprise growth.

Lack of Training → the key issues about employee's training are twofold; (i) the SME's failure to provide adequate training for performance management theories, leading to employees thinking that PM Systems are there merely to complete the necessary paper work;

(ii) the SME's failure to adequately reward their employees to motivate them to focus on performance measurement results. Part of the PM Systems and appraisal is to reflect on employee's accomplishments, and deficiency, to some extent, and set targets. However, due to lack of training being offered to employees, they cannot improve on performance and achieve success.

Finally, as mentioned earlier, although SME's resources are limited, it requires an appropriate model to react to their definite needs, and ones that are easy to implement. Human resources are vital to their survival; therefore employees' involvement during and after implementation is important; as is providing training on the use of PM Systems for employees to fully understand both short- and long-term benefits (Hudson 1999). PM Systems for SMEs must be flexible and vibrant to respond to the needs of the enterprise.

According to Garengo *et al.* (2005), the design of PM Systems for SMEs involves a strategy and a strong focus on other areas, such as operations, since SME's success depends on operations. These underlined factors are distinct between SMEs and larger organisations, which require a different approach to performance management in SMEs; as Garengo *et al.* (2005) declared.

3.13 Performance Measurement Systems Key Success Factors in SMEs

According to Gresty (2010), an owner-manager often establishes SMEs and some are the only staff member with entrepreneurship status and have different variables of performance. Gresty (2010) further established that, although the general characteristics for SMEs differ from large organisations with limited resources that hindered meaningful improvement but many were still credited with success.

Regarding customer focus, the SMEs have more close contact with their customers than the large organisations, which encourages them to pay more attention to issues raised by their customers; which is important to the enterprise's success. Kumar *et al.* (2008) further underlined this as a factor; undermining the success of manufacturing industry during the study of Six Sigma in the UK. They discovered that critical success factors were not revealed in practice as a performance development process. Therefore, issues found in SMEs were delivery time, complaints and customer surveys. This highlights the significance of customer's focus in SMEs for their success, due to the closeness to their customers.

As highlighted in the literature (Garengo *et al.* 2005; Hudson 2001; Cocca & Alberti 2009) SMEs operate in a market of uncertainty, due to limited resources with limited customer base. Hence, they are closer to customers, and they adapt quicker to this uncertainty than larger organisations. As a result, SMEs tend to develop relationships that are more personal with their customers (Hong and Jeong 2006). Nonetheless, now, it often forms and strengthens deferential relationships with the enterprise customers, and the enterprise is sometimes submissive to the larger organisations (Hudson 2001). Moreover, within the supply chain, SME's often have stronger customer demand (Hudson 2001).

From SME's internal perspective, skills and resources such as staff are limited (Cocca and Alberti 2009; Singh *et al.* 2008), it has been identified and linked with characteristics of SMEs in the reviewed literature, and owner-mangers do not have the managerial skills, on some occasions, or the expertise. Size also seen as weakness regarding available resources; conversely, it favours a flat organisational structure such as SMEs with little bureaucracy, and has a positive brunt on flexibility and speed of adaptability to the changing market environment (Garento *et al.* 2005).

Finally, for these highlighted reasons, SMEs often have high innovation and satisfaction of emerging customers in meeting their requirements. Secondly, with a flat structure with fewer management layers, face-to-face contact can simplify the communication process and offers the proprietors the opportunity to directly influence employees, and increase their success factor (Singh *et al.* 2008).

3.14 Performance Measurement Systems Requirements for SMEs

Before any tools for assessing, the PM Systems developed and it is essential to first categorize what constitutes best practice for a PM System; it is done by classifying, a list of typical features of systems, which the SMEs could use for measuring, and management of performance.

In the previous chapter, a list of PM System's general requirements highlighted from the literature. Nonetheless, SMEs also present some different characteristics that distinguish them from large enterprises (Garengo *et al.* 2005).

It implies that SME's performance measurement processes and tools are diverse from that of large organisations. Hence, the PM System requirements identified have to be adapted accordingly to meet the needs of the SMEs characteristics (Garengo et al. 2005; Cocca and Alberti 2009). On this basis, the PM System's process requirements in SMEs listed and grouped in three categories according to (Cocca and Alberti 2009). These groupings are:

Performance measures in small and medium-sized enterprises (SMEs) should have these key elements:

- Derived from strategy
- Link operations to strategic objectives
- Be plain and simple
- Its purpose should be clearly defined
- Encourage continuous improvement
- Be applicable and easy to maintain
- Easy to collect and provide the necessary feedback
- Monitor the current and plan for future performance
- Encourage integration
- Classified formula and data source

PM System *as a whole* in SMEs according to (Cocca and Alberti 2009), should also include the following key elements:

- All stakeholders
- Flexible, rapidly changeable and maintainable
- Balanced; this includes internal/external and financial and non-financial
- Easy to implement, use and to run
- Strategically aligned
- Linked to reward system
- Integrated with information system

Similarly, the **performance measurement process** should include the following key elements:

- Constant evaluation of existing PM System
- Regular target setting
- Management commitment
- Long and short-time commitment
- Communication and information sharing
- IT infrastructure support

In summary, the listed points identified as the key process elements for performance measures; the whole system and performance measurement process in SMEs as the requirements, since they suffer from limited resources, the performance should be real, straightforward and easy to collect, or else the effort needed would be greater than the achieved benefit.

3.14.1 Dimension of Performance Measures & Indicators in SMEs

According to (Hudson et al. 2000), the performance measures of SMEs vary extensively. For this reason, the author examines the previous research work of Garengo et al. (2005) in order to underline the main dimension of performance measures with explicit reference to SMEs. Though performance dimensions captured through the review of other empirical studies, the study of Garengo and colleagues is significant to this study. Table 4.2 below highlights the dimensions of performance measurement models for SMEs.

Table 3.4 The Nine Main Dimensions of PM System Models for SMEs
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Source: Garengo et al. (2005)

Table 3.5 Summary of the PM Systems Models against the Nine Dimensions

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Source: Garengo et al. (2005)

[√√ fully present; √ partially present]

The table of comparison above illustrates the classifications of the dimensions and further analysis as thus:

Strategy alignment → is the main dimension in the model, which the PM System guarantees the adopted measures are consistent with the strategy.

Strategy improvement → facilitate the pre-defined objectives and strategy progress.

Focus on stakeholder's → stakeholders tends to be the key starting point in PM System design.

Balance → the PM System applied different perspectives; it balances both financial and non-financial measures, which include internal and external environment.

Dynamic adaptability → evaluation of systems of measures and objectives are included in the PM System; the review carried out is to ensure that PM Systems respond promptly to the changes of both external and internal.

Process oriented → the organisation not regarded as having a hierarchy structure; rather as a system with a co-ordinated process.

Depth → measures disseminated into specific indicators, i.e. individual operational activities are measured.

Breadth → the whole organisation is measured which includes the external environment.

Casual relationship → results and their determinants measured to ensure casual relationship between them could support, control and communicate those concerned in the PM System.

Clarity and simplicity → the intended objectives, measures and methodology are gathered process information classified and conversed to the system.

In summary, though in comparison with some of the models seem appropriate for small and medium-sized enterprises, it is still important to ensure that all dimensions that might be useful to SMEs and PM Systems closely monitored for appropriate and complete implementation. The next section subsequently discusses the theoretical approaches for SMEs.

3.14.2 Performance Measurement Frameworks Theoretical Approach in SMEs

Taticchi et al. (2008) conducted a review on models and frameworks suitability for SME's performance measures and subsequently categorized each with approaches and it is suitability in small and medium sized enterprises. As shown in Table 4.4. While some of this framework has already been, commended in a previous chapter, this section discusses the theoretical approaches appropriate for small and medium-sized enterprises.

Table 3.6 Models and Frameworks Classification for SMEs

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Source: Taticchia et al. (2008)

The choice of classifying appropriate framework for SMEs performance measurement has been on the increase, as highlighted above. Historically, exploration has been carried out on the use of Balanced Scorecard, such as Hvolby & Therstenson (2000), who studied the use of Balanced Score Card (BSC) framework in SMEs and recommended the use of performance indicators in SMEs to be prioritized due to resources complexity. In addition, many scholars faced with the challenges of addressing issues in different approaches of performance measures in SMEs.

This phenomenon led to Hudson et al. (2001) examining various performance measurement models and their suitability for SME's. At the end, they concluded that SMEs often faced with resource constraints, and as such, the implementation of performance measures should be efficient and vibrant. Similarly, the author examined the implementation of a range of

performance measures in SMEs with the view of analysing the theoretical performance measures approaches in SMEs from Nigeria's view point, because Northern Nigeria has been chosen as the research location for this study.

Several literature examined also revealed that the SMEs are faced with financial constraints (Hudson et al. 2001). According to Terungwa (2011), an efficient financial system is the key enabler of economic growth. They SMEs are the backbone of Nigerian economy contributed up to 50 percent employment and 97 percent of all business in Nigeria (Federal Office of Statistics). In order to maintain and encourage the pace of this growth, there are some approaches that need considering in fostering the SMEs development; this is:

The implementation of appropriate models that is specific to the needs and aspiration of the enterprise, and to achieve the stakeholder's objectives, these are:

The Excellence Model; also known as the EFQM model, is a non-prescriptive framework to aid and guide organisations to achieve their performance measure objectives. Garengo's (2009) evaluations of performance measurement features in SMEs, also found Total Quality Management (TQM) as one the measures suitable for SMEs assessing their performance. This is because TQM supports the view of quality management in all aspects of an organisation. Other studies such as (Cho and Pucik 2005; Lai 2003), supported the view of Total Quality Management implementation in SMEs. The adoption and implementation of EFQM, the excellence model, will be an excellent decision for the entrepreneurs.

Furthermore, according to Olve et al. (1999) irrespective of where the EFQM excellence model is applied, it is, stipulated by the model that the areas of strategic performance monitored by managers remained the same. Equally, due to this Total Quality Management, it can be, concluded that SMEs derive their supply base from the larger organisations, and with supply chain issues from the origins of the equipment's or component manufacturers. Pressure is been mounted on the SMEs to improve their quality of services; Total Quality Management will help them to improve the service quality.

The Balanced Scorecard; as discussed in chapter 3 and in previous sections. Its ideology focuses on organisation goals and vision; it also in incorporates both financial and non-financial measures in the system that would help transform the enterprise strategic vision into sets of performance measures. Its design and implementation would enable the SMEs to be explicit on specific targets for the goals to be achieved, Kaplan and Norton originally thought

the BSC was for an organisational goals, and whatever the strategic goals the organisation has adopted, it will greatly progress towards them, and be monitored across many dimensions.

Activities Based Costing (ABC); Turney (1992) designed and implemented the ABC model back in the 80's to support organisations to assign costs within an organisation based on resources. The ABC model helps organisations to assign resource costs through activities to the products or services given to their customers. Organisations used Turney's (1992) model as a tool for understanding customers, product, profitability and cost. The ABC model has two significant features applicable to SMEs: (1) is the Cost Assignment, it assigns costs to activities and costs objects, which analyse the important decisions; (2) is the Process View which measures and analyses employees, workplace, motivation and work quality information (see Figure 4.4).

The ABC model can help small and medium enterprises create a PM System that could support their decision making, and satisfy stakeholder's mission and vision through appropriate cost and budget.

Figure 3.2 Activity-Based Costing (ABC) Model

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Source: Turney (1992)

According to (Gupta and Galloway 2003), the ABC is a balanced model because it helps to shift organisation's managers from a traditional mind-set of financial measures, to a more balanced performance that includes both financial and non-financial performance measures. The ABC model provides more insight into the decision making process, and it makes it easier to assign costs to a particular activity, which is less complex.

3.14.3 Comparison of the Theoretical Performance Measures Approaches for SMEs

Performance measurement frameworks designed and developed to fix performance issues and to find lasting solutions to an organisation's performance management, by applying various models. For these reasons, the focus of performance measures has shifted from its traditional financial measures, to include non-financial measures (Taticchia 2008). Therefore, the author analysed (Hudson et al. 2008) typology of strategic PM System development for SME processes.

The typology according to Hudson et al. (2008) identifies three key areas for performance measurement framework design; Development Process, Characteristics of Performance Measures, and Performance Measures Dimensions. As pointed out earlier in the chapter (see 4.3 - 4.9.1), based on that analysis, and in addition to that, the table below further outlines the three typology of performance measurement design for SMEs according to Hudson et al. (2008).

Table 3.7 Performance Measurement Design Typology for SMEs

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Source: Wu (2009)

In summary, different approaches of tackling, the SMEs have been, addressed and on that note, it helps to identify the weaknesses and strengths of every approach. Subsequently, as Hudson et al.'s (2001) typology classifications were used as the foundation for the analysis, the fact that Hudson et al.'s (2001) typology and many others mainly centred on comparing frameworks for SMEs measures is the reason why the key focus for this study is on theoretical approaches for SMEs performance measurement. There is very little available in

the literature, so this study has the aim of designing a framework for the Northern Nigeria SMEs.

3.14.4 Analysis of the Current Performance Measurement Approaches

According to Hudson et al. (2008) a combination of both characteristics of performance measures and the dimensions of performance, provide the right typology that could be, used to evaluate the current approaches as a basis for analysis.

Using (Hudson et al.'s 2008) assertion as the basis for this analysis, three performance measurement development approaches outlined below.

Table 3.8 The Comparison of Typology and Current PM Framework approaches for SME.

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Source: (Adapted from Wu 2009)

In summary, applying a good strategy will help organisations align the entire operations with its objectives from the balance standpoint. From the above analysis, some of the framework is not suitable for SMEs to adapt, because it does not cover various areas within the

organisation, such as the external environment as the determinant for the business performance. Each of the models varies.

Similarly, the research conducted by (McAdam 2000) indicates that a model like the balanced scorecard does not fit into SME's kind of environment because the framework lacks flexibility. On the other hand, the EFQM model, being the non-prescriptive framework, enhances organisation performance visions and has two features; which are Enabler and Results. The two features help an organisation to analyse its performance results and performance determinants, and are very suitable for SME's performance measurement. Their enablers often seen as more considerable than the results, as illustrated in table 4.6.

In addition, as pointed out in the approaches, the ABC model enables the organisations to assign the use cost of a resource in an organisation's activities that are, linked to the output. The weaknesses of the ABC model is that it does not measure external environment or factors for small and medium-sized enterprises, and can't be seen as a balanced framework.

Finally, in comparison of the three models highlighted (EFQM, BSC and ABC), it shows that the EFQM excellence model has the necessary requirements to meet SMEs better than other theoretical approaches, and would be consistent in helping them to build a performance measurement for the SMEs that is constructed shown in a later section. As illustrated in the table, it also shows that EFQM has the leadership to give the driving force for generating objectives, values and system in order to provide customer satisfaction.

3.14.5 The Performance Models Gap Analysis

As highlighted in the previous chapter, there is a lot of complexity and diversity involving performance measurement definition. This complexity further affirmed by Franco-Santos and Bourne (2005), and the complications led to various definitions by many authors. Performance measurement model tends to experience the same faith with numerous models, some are not appropriate for SMEs. Based on this gap, this study proposed a conceptual framework to fill this gap discovered from the literature analysis, and further discussion is in the descending section.

According to Sousa and Aspinwall (2010), and Bourne et al. (2000), performance frameworks that include a matrix for a more balanced and integrated performance measures for organisations, should be encouraged. A framework with results and determinants with

other multiple dimensions which includes internal and internal drivers and non-financial and financial results; are important for organisations (Neely et al. 2002). Since there is no single agreed model for performance measurement in spite of the decades of theories and model designs, different approaches used have their down sides. Secondly, as highlighted earlier, there is no consensus on a single framework, which led to conflicting views and opinions on the suitability of PM Systems design for SMEs. Some argued that the frameworks designed for larger organisations and not appropriate for SMEs.

Furthermore, many scholars have different opinions on this issue and seem divisive; similarly, there is no empirical evidence to justify or identify any consensus on what system is applicable for SME implementation. Therefore, we need to look at what system should SMEs adapt for performance measurement, and how the system can be, implemented for the SMEs to achieve their objectives and stakeholders satisfaction.

3.15 Proposed Conceptual Framework for SMEs

As earlier mentioned on PM System's characteristics and theoretical approaches, there is much awareness now on performance paradigm and understanding that SMEs are not smaller versions of larger organisations. They are different from larger organisations in many ways, and so are the systems use to measure their performance. For example, their covering dimensions, example management characteristics, and availability of resource and utilization and strategy choices (Hambrick 1995).

The key drivers and results of performance, i.e. enablers and determinants; should always form part of the performance framework for SMEs. The comparison of the typologies indicates some interesting similarities on how and what each of the models should measure regarding the satisfaction of both internal and external stakeholders of the organisation. Moreover, according to Fitzgerald et al. (1991), who developed a PM System called the Results and Determinants Framework; they stress the important of the relationship that exists between a determinant and results, and that formed a comprehensive PMS.

Consequently, the typology comparisons provided a unique opportunity to determine a unique framework for SMEs. As Fitzgerald et al. (1991) stated, the EFQM excellence model met those criteria, which has two features; **Enablers** and **Results**; as leading indicators for

the long-term measures of SMEs. These concepts are, also used for this study in subsequent chapters.

For this present study, performance measures for SMEs should include performance determinants and performance results as indicators for performance drivers. Therefore, for these reasons, the interconnected components to be use are:

- External determinant performance factors
- Internal determinant performance factors
- Performance results

These three crucial factors (see Figure 3.4), should be put to use.

Figure 3.3The Components of Performance in Small and medium-Sized Enterprise

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Source: (adapted from Wu and Zhao 2008)

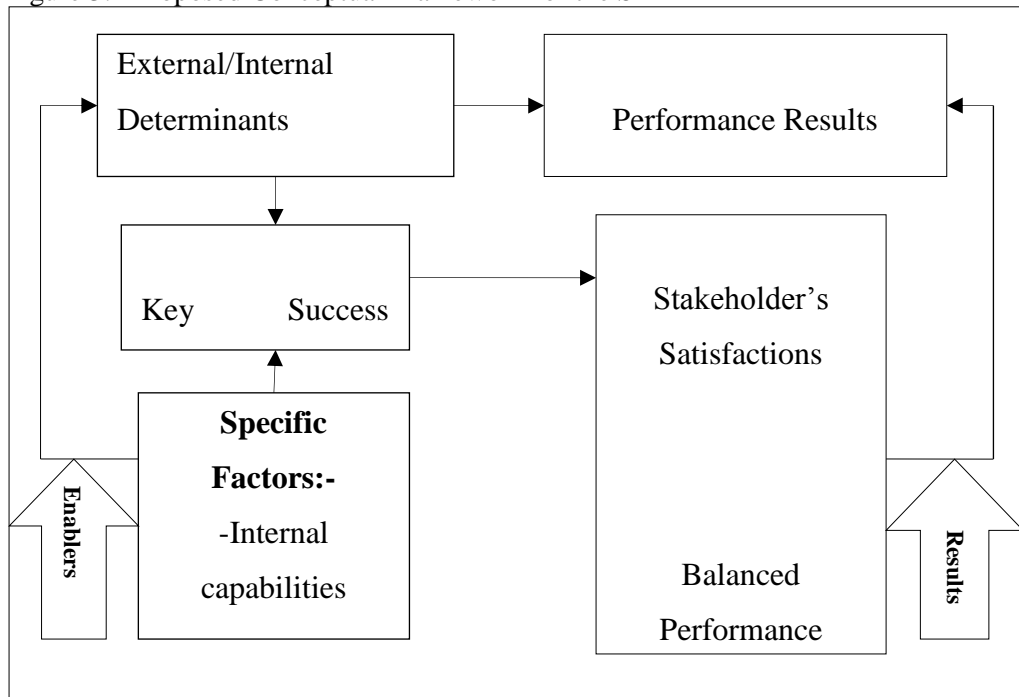
3.15.1 Proposed Conceptual Framework for this Study

Historically, the excellence model has proven to be a useful tool for measuring an organisation's performance; it helps to set the criteria on quality objectives, also helps to achieve those objectives. For these reasons, this study finds the EFQM the Excellence Model to be appropriate since it has two key features i.e. enablers and results; as the right approach for this study. According to Bourne et al. (2000), some of the developed models for performance measurement proved to be inadequate in tackling today's performance trends, and some also failed to provide a balanced approach to performance measurement; and some are generic in designing individual PM Systems.

In view of the enormous contributions that SMEs have made to the worldwide economy, as pointed out earlier and the reviewed of existing performance models and systems; rather than trying to re-invent the wheel, it is of a great benefit to assess the existing PM Systems to establish its applicability. The success of SMEs depends on several key factors, for example,

specific factors that are key enablers and balanced performance indicators that help to achieve the required results, as illustrated in figure 3.4. Similarly, the external and internal factors also be measured, based on these facts, led to the development of the conceptual model to sufficiently cater for both internal and external SMEs performance. The model has some EFQM concepts as discussed in preceding section, to encourage stakeholder's satisfaction generate better results through balance performance as shown below.

Figure 3.4 Proposed Conceptual Framework for the SME



Source: Author

In summary, the starting point for a model development is to highlight an organisation's key success factors, performance indicators, and enablers that sum-up the organisation's internal capabilities that would lead the business to achieve the require results. Based on the analysis of gaps in various models and framework illustrated earlier, this framework becomes unique for the SMEs in that it covers specific measures or targets within, and outside, the business.

Given the stages and approaches this study has assessed and summarised, each of the existing models, its adoption and subsequent development of the framework are as shown in figure 3.4 and concluded to be the right approach for this study. Accordingly, some of the key areas covered for the model propositions as a starting point, that should be measure in SMEs are:

Proposition 1: → *External/Internal Determinants* → this covers both internal and external determinant factors that should be measured such as innovation, new market entry and expansion, Porter (1991) argued that organisations ability to gain competitiveness is by differentiating itself within the industry. Applying this concept is vital to SMEs regarding strategies and market entry when SME find themselves in attractive positions with others. Moreover, organisational capabilities and resources include SMEs management, planning and control system which must be fully utilise to its full potentials and business reputation.

Priem and Butler (2001b) define the practises through which valuable resources are made that create competitive advantages. On the other hand, Johnson et al (2003) declare that the true value of organisation resources doesn't depend on its being but only when it's fully utilise. The environments significantly impact the SMEs, often difficult to understand and perceived by managers as uncertainty such as competition, products demand increase, infrastructure innovation and investment opportunity which should be taken advantage of, such opportunities that will increase profit margin and business growth is necessary to pursue

Proposition 2: *Capabilities/ Specific Factors* → these are the key enablers, which covers internal capabilities, resources and strategy formulations, and the main objectives; Ghosh et al (2001) stresses the need for private enterprises to be resilience in a highly competitive environment in order to excel, as business success can only credited to dynamism and some key success factors which the business managers are familiar with.

Ghosh et al (2001) also listed specific strategic components that has brought growth and success to the performing SMEs which includes (1) ability to develop a sustainable competency (2) a devoted and solid management crew, (3) efficient client and customer association (4) a strategic approach and implementation, (5) a robust and talented leadership and (6) competence to identify a focus market.

Developing and adhering to this specific capabilities will enhance SMEs performance and on the process a superior strategy can be formulated to if and when the market changes

Finally, it is impotence for SMEs to adopt these specific strategies, though some can be term as essential key success factor (KSF) while others are general, however, proactive strategies require some degree of emphases on its success, SMEs must place some degree of importance in an area like customer needs and satisfaction, mutual working relationship with between employees and hierarchy, availability of resources support and leadership.

Proposition 3: *Key Success Factors* → the key enabler is for SMEs, since they are usually smaller size and have direct contact than larger organisations; therefore, they are closer to

customers and have more focus on operational activities as key success factors. Ghosh et al (2001) declared that, small enterprises play significant role in economy growth and contribute significantly to employment generation in spite of these tendencies, and for their continuity especially in a highly competitive environment like the Northern Nigeria with uncertainties.

The SMEs management must form strategic collaboration with large organisations, act as representative for value-added and services to customers.

Through the identification of the key success factors will help SME gain awareness on methods and ways of remaining competitive and excel during the difficult time Organisations acknowledging approaches, talent, marketing information gathering is pre-requisite, can also be seen as the key success factors for the small business (Barkham 1989; Pollock 1989).

Proposition 4: *Balanced Performance Indicators* comprises of both financial and non-financial measures, continuous improvement, feedback, and key indicators.

According to Kaplan & Norton, (1992) and Keegan et al., (1989) balanced performance indicators enable organisations to identify measures to concentrate on that will provide the current status of the business, such measures as financial and non-financial, internal and external of the business, effectiveness and competences measures position.

Similarly, PM System should balance and support performance management thinking and values (Lebas 1995:34). It should also balance performance should balance management thinking and values, meaning that the key variables should be measured to enable evaluation of the current and past performance, detection of irregularity, processes to trail past accomplishments, measures to define position and prospective, measures for input and output. Balance performance indicators should include other components like check and continuously validate cause and effect relationship between the measures (Lebas 1995).

On the other hand, if the organisation engaged in a joint venture, the performance are measured and evaluated through data collection involving key performance indicator (KPI), key performance factor (KPF) and key success factor (KSF) across the ventures, this collective performance factors should offer a concise outline of the joint venture's performance (Ferreira et al 2012)

Proposition 5: *Performance Results* outcome of past activities and expected performance objectives based on existing situation.

According to Fitzgerald et al. (1991) performance matrix should cover the key elements of measures for strength and specific results in wider context regarding how and what should be measure with a useful advancement progression.

The performance measures put in place by SME can be review based on the overall results, a well-developed framework put in place before for hand to comprehensively measure both financial and non-financial, internal and external of the of the organisation, critique the current against past performance.

Outline a coherent results based on the organisational resources, tools and services provided with anticipated impact of such services.

Performance results highlight the benefits, changes and the whole impact the measures put in place had on the organisations stakeholders. Help to identify if the performance indicators are suitable and can advance towards its planned outcomes.

Furthermore, the rationale for each element within the proposed framework is to significantly help SMEs cater for specific issues like return on investment and stakeholders demands, other issues such as measures put in place, managing daily operation, stakeholder's satisfaction, growth and if the business is heading the right direction towards achieving the business objectives. Inputs or resources can be added when and where is needed, help to evaluate the present state of the business if the desire outcome is visible or not and resources can be diverted to other areas like research and development (R&D).

In summary, this chapter from the start identifies the location of this study as Northern Nigeria, reviews various SME definitions in global perspectives, and subsequently adapts its definition from the Nigeria National Council on Industry (NNCI) viewpoint. The roles of PM Systems in SMEs outlined, as having the hindrances regarding its performance.

Considerably, SME's key success factor also highlighted, as well as PM System requirements, and dimensions of performance. Indicators and approaches assessed and various performance frameworks identified, leading to gap analysis: all of which is significant for this chapter, taken into account while designing a performance framework for SME. In the course of developing a typology, several performance measures of present and past viewed in order to identify the right theoretical approaches, of which the EFQM model seen as the most suitable for the SMEs.

3.15.2 Proposed Framework Comparison with the Existing Frameworks

Organisations over the years have observed an increased in application of measurement systems which many regard as being complex. One of such past developed model developed in Wang Corporation during the mid-1980 to improve various cost measures within organisation was later modified to eradicate and accommodate other management methods for considerable improvements like just-in-time manufacturing (Jones and Tilley 2003).

Similarly, Lynch and Cross (1991) developed a system known as balanced scorecard' for performance management, their focus was to produce a financial matrix to equally signal non-financial matrix and other strategic areas within organisation were ignored. The balanced scorecard was later reintroduced by Kaplan and Norton (1992) with new mentalities and measurement methods.

Therefore, given the distinctiveness of this study for the chosen location and its contribution to knowledge, the following comparison are made with the proposed conceptual framework with existing ones, outlining the typology while the advantages and disadvantages are discuss afterwards.

Table 3.9 The Proposed Conceptual Framework Comparison Analysis

Conceptual Approaches with current Typology	EFQM	ABC	BSC	TOPP/Sink & Tuttle
Configuration of day to day task	√	-	-	-
Provides facts of focus for confronting the unknown in an explicit area.	√	√	√	√
Encourages model development that is useful to practice	-	-	-	-
Adaptation of measurement with improvement initiatives and strategy creation	√	-	-	-
Actively identify internal and external triggers of change	√	-	-	-
Maintenance of internal performance measurement capabilities	√	√	√	-
Inspires intangible and tangible measures	√			
Stakeholders satisfaction	√	√	√	√

Source: Author

Similarly, in view of the above outlined of eight approaches as diverse differences among the frameworks as indicated, however, there are some distinctive differences and values it has over the developed framework for this study and EFQM, these includes; simplicity and ease of use by the SMEs and does not require much expert knowledge as it is the case with EFQM framework; its development has both academic and industry foundation (theory and practical); and is based on empirical findings with specific focus and less generalisation; help guide and direct the study in logical structure through identification of key concepts and

define their relationships and very flexible for the SMEs with low structural formalities; specific industry usage and led to model development for the industry applications.

Finally, the preceding table outlined many of the differences between this study's conceptual proposed conceptual framework with the current typology and its significance and uniqueness for this study, and the section below further discussed some of the advantages in addition to the uniqueness

The key advantages of the Proposed Framework are:

- It's help guide and direct the PM in logical structure through identification of key concepts and define their relationships.
- It interprets and underlined the principles and concepts of the research.
- It has flexible approach with less formal structure and used some existing structure
- It outlines specific concepts and propositions, derived from empirical observation, perception and interprets theories
- It increases SMEs practical development that is useful for their management of day-to-day operations
- It helps makes research findings meaningful and generalizable, with interrelated measures.

The overall perception of the proposed framework is to outline the key elements as re-requisite for SMEs performance and to sufficiently establish the key strategic focus areas for the SMEs and setting directions for the research. Besides presenting these vital elements for the SMEs measures through the proposed framework, each element signifies how and why they should not be ignored given the environment the SMEs operate.

According to Porter (1985), the notion of competitive advantage are those elements that directly or indirectly affect the environment like quality, cost control and at the same time seeking to differentiate its products or services from rivals; Porter further contended that gaining competitive advantage stems from several distinct undertakings by organisation such as planning, creating, marketing and delivering of other supporting activities, and each of this activity create a basis for differentiation.

Applying Porter's concept to SMEs as simple tools knowing the unpredictable environment SMEs find themselves, each of these elements significantly adds to SME performance and contributes to competitive advantage and value chain. The value chain provides a strategic method for SMEs to manage what is essential for their business like cost and methods of differentiation suggested as by (Porter 1985).

Chapter 4 - Research Methodology

4.0 Introduction

This section critically examines and discusses the methodology employed for this research; it outlines the various approaches available that researchers have applied in their respective domains. The section presents an analysis of research paradigms and subsequently justifies the adopted paradigm as one appropriate for this research; and discusses advantages and disadvantages of various research strategies and the rationale for the choice of strategy adopted. Furthermore, this section also discusses the method of data collection from the chosen population; and how the questionnaire and question items for the study were generated from other studies which the researcher found useful and applicable to adapt to suit the research purpose and subsequently test with SME managers and owners for accuracy and format. Finally, data collection and processes, sampling, population, validity, reliability and ethical issues are broadly deliberated within the chapter.

4.1 Research Methodology Overview

According to Sekeran and Bougie (2010) business research can be classified as a systematic and structured effort to explore a given business problem, undertaken with the aim of finding a solution. This approach comprises several steps that are designed and executed with the sole intention of finding the solution.

In essence, the researcher deemed to provide the necessary steps or intended methods of approaching the problem to a logical conclusion. In this chapter, the methodology used as well as the methods leading to making the optimum choice on data collection strategies, to tackle the research aims and objectives and address the research questions are outlined.

Subsequently, this chapter focuses on the strategies used in arriving at the specific data collection and analysis tactics for this thesis. Based on that, methodology relates to how a researcher goes about finding knowledge (Grix 2004).

4.2 Ground Rules for Good Research

Denscombe (2002) lays out ten ground rules which good research must have across all disciplines and approaches that are acceptable. In all research, there are certain expectations, and some areas that form the basis for debates. Either case forms the basis for conducting

research that is recognised and supported by most researchers. Ground rules for good research falls within this composition.

The ground rules for good research, according to Denscombe (2002), must have the following elements (see table 4.1).

Table 4.1 Ground Rules for Good Research

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Source: Denscombe (2002)

Following the outlining of Denscombe's ground rules; the researcher also adopts these rules as a guide for this study. It will enable the researcher to have a clear vision of purpose for the research and to illustrate the same for all readers to understand why the researcher conducted the study in the first place.

4.2.1 Justification for applying the research Ground Rules

Knowing and abiding by the rules of the game is the key to success, the ground rules help the researcher to outline what the research is. It presents an explicit description of the purpose, and responds to the research question, which enables all readers to see the author's intention for embarking on the research. It also provides a crucial basis to evaluate the research from

the author's point of view; and what the research sets to achieve, to a point where all readers can benchmark this study against their judgment to what extent it has been successful.

Denscombe's (2002) ten rules of application highlight the links in all section from one chapter to another in detail, and also the connection and relevance to each other.

Finally, the ground rules concept provides the author with a clear vision of purpose of the research and platform which to conduct and analysis the findings; while every caution was taken in the process in abiding to all the ethical rules.

4.3 Classification of Research

There are holistic research methods, methodologies and various definitions and means drawn on research methods or methodology. (Collis and Hussey 2009) subsequently clarified this assumption and identified method and methodology to have diverse meanings. (For the purpose of this study, this chapter first discusses the research methodology while later chapters outline the methods.) Hence, this:

Research methodology: → refers to the study strategy and the process of the research.

Research methods: → refers to the 'technique' used for data collection and analysis (see section 5.9 for methods used in collecting data for this study.)

The key features of good research, for its recreation and to reach definite and dependable results, requires a good methodology and knowledge.

As mentioned earlier, Collis and Hussey (2009) indicate various ways, which research is clarified, this can sometimes be confusing at first; nonetheless, examining different characteristics of research does help to identify their similarities.

Therefore, research is clarified according to;

- Purpose: → why the research is or has been conducted
- Process: → the technique in which the data was collected and analysed
- Logic: → whether the research logic has moved from general to a specific logic
- Outcome: → whether the expected outcome is met and the solution to that problem or contribution to general knowledge.

In summary, the aim of this research is to establish the current performance measurement practices within the SMEs; hence, the research has Collis and Hussey's (2009) basic characteristics. Exploring which SME's performance system the practitioners are using is unknown; therefore, SME's performance activities is the 'purpose,' by collecting quantitative data and analysing statistically the 'process' that would help to determine the dynamic of their performance 'outcome.' See table 4.2 below for this outline.

Table 4.2 Research Characteristics

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Source: Collis and Hussey (2009)

4.4 Research Paradigms

This section briefly discusses three types of paradigms that are relevant to business studies such as this, and its classifications are used to distinguish the key elements. These paradigms highlight its relevance to business research. In terms of how they are derived or developed, paradigms are often described or named differently but similar due to comparable approaches used by authors (Flowers 2009).

Moreover, paradigms help guide researchers in a given discipline and provide sense-making phenomena. It aids in determining the frameworks and methodologies appropriate for data collection (Remenyi *et al.* 1998:32).

In addition, Collis and Hussey (2009) define a research paradigm as a tool that directs researchers on how to carry out a study based on other's philosophies and assumptions on how they see the world. Kuhn (1962) first introduced research paradigms through '*The Structure of Scientific Revolutions*' model; this research paradigm are presently universally recognised.

4.4.1 Two Main Research Paradigms

As mentioned above, a research paradigm is a tool that guides researchers on how to conduct research. The term '*philosophy*' refers to the use of reason for an argument in seeking the truth, knowledge and reality. These realities change over time. Until the late nineteenth century, most research focused on the lifeless objects within the physical world such as physics, energy and the interaction among them (Smith 1983).

The scientists used this systematic approach involving observation and experiments; they also applied inductive logic to learn exploratory theories can be used for other predictions. The knowledge, they acquired from the exercise based on '***Positivism***'; while the alternative to positivism was labelled as ***Interpretivism***.

1. **Positivism:** → is based on philosophers such as Auguste Comte, (1798-1857), Mill (1806-1876 and Durkheim (1859-1917). They all upheld the belief that social issues can be analysed empirically, just like in scientific enquiry and theories (Smith 1983).

2. **Interpretivism:** → is a philosophy associated with Kant (1724-1804), which later expanded by Dilthey (1833-1911), Rickert (1863-1936) and Weber (1864-1920). Both upheld the same beliefs (Smith 1983).

In addition, according to Saunders *et al.*, (2003) the topic of research paradigms is a dominant in business research and literature over the years, because it highlights how knowledge is developed; which many people don't often think of and how well the developed knowledge affects the researcher's way of conducting research.

These two dominant views about the research process are broadly discussed below.

4.4.2 Positivism Paradigm

Derives from natural science and is characterised through the testing of hypotheses developed from existing theory. This takes the form of deductive or theory testing, and measurement of the observables.

The assumption with positivism is that the world exists objectively based on observation; and through that theory and relationship, a model is developed with a predicted outcome. This assumption is that the researcher is independent of, and neither affects nor affected by the subject of the research (Remenyi *et al.* 1998:33).

In addition, positivism is built upon the principles of reason and validity, and focuses purely on fact gathering through direct observation and experience; and is measured using quantitative methods such as – experiments and surveys - and statistical analysis (Saunders *et al.* 2007; Eriksson and Kovalainen, 2008; Easterby-Smith, Thorpe and Jackson 2008).

Hatch and Cunliffe (2006) further relate this into an organisational context; and declare that positivists assume that what truly happens in organisations is revealed through classification and methodical measurement of people's behaviour and systems, and that language is truly representative of the reality.

4.4.3 Interpretivism Paradigm

In response to criticisms of positivism in the field of management research, it has emerged that based on this philosophical approach, research gives importance to their ideas and values based on adequate justifications from a research problem (Easterby-Smith *et al.* 2006). However, this philosophy helps the researcher emphasize on highlighting the facts based on the research problem. This approach involved using a small sample to interpret or analyse the phenomena (Kasi 2009); and for this study, the author uses a survey questionnaire to underpin the dynamic of SMEs performance for the chosen area.

Also, by applying this philosophical approach, it will help to understand the phenomena for this study; specifically for PM Systems currently in use in the northern Nigeria region.

Therefore, for this study, rather than adopt the quantitative method concept of positivists, interpretivists adopt a ranges of methods that seek to describe and interpret the outcomes.

According to Strauss and Corbin (1990), this approach will lead to a broader conclusion where outcomes are not only dependable on statistical analysis of quantitative data; but also, to highlight the two paradigms and how they interplay with each other in social research.

The term 'paradigm' can sometimes be confusing due to its use in various disciplines, and how it has been described in the literature. Often, it means different things to different researchers (Collis and Hussey 2009). For example, Mingers (2001) indicates that Kuhn (1971) had less description of paradigms than Burrell and Morgan (1979) and subsequently explains the doubts; and suggested three levels where paradigms are used:

1. at the philosophical level: → the terms used to express how the world is.
2. at the social level: → to guide the researcher on how to conduct research

3. at the technical level: → to specify the terms, method and techniques to adopt when carrying out research

In view of these theories, Creswell (1994 and 1998) summarises the theoretical assumptions that underpin the two main research paradigms, and named them as qualitative and quantitative paradigms. See table 4.3 for further analysis.

Table 4.3 Paradigms Key theory

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Source: (Adapted from Creswell 1994:5 and 1998:75)

Following the analysis of paradigm's key theories above; table 4.4 below further outlines the features of the two paradigms according to Collis and Hussy (2009:62). These features will aid the researcher to interpret and decide on the route to follow, either a deductive or inductive approach.

Table 4.4 The main features of Positivism and Interpretivism Paradigms

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Source: Collis and Hussy (2009)

In addition to Collis and Hussy's approaches, Saunders *et al.* (2003) further outlined the key distinctions between deductive and inductive research approaches. As can be seen in table 4.5, these are:

Table 4.5 The Key Distinctions between Deductive and Inductive Research Approaches

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Source: (adopted from Saunders *et al.* 2003)

These approaches help to outline the general plan on how to tackle the research questions set by the researcher. The research derives from the research question, also specifies the sources of data collection. Crucially, it must reflect on the chosen strategy and the reason it chosen.

Historically, the recognition of positivism is well documented among the researchers and academics within the science discipline. During the early twentieth century, philosophers were faced with the challenge of understanding the social phenomenon surrounding positivism, as which its dominance lead to the emergence of interpretivism (Phillips and Burbules 2000).

Owning to this challenge and the traditional notion of the absolute positivism position, the emergence of interpretivism broadens the social phenomenon based on the subjective experience of its social actor. This ideology has been, challenged due to lack of reliability and validity (Kim 2003).

The post-positivism paradigm assumption based on value-free, unbiased and subjective assumptions where researchers can find their own voice, and have a role with the participants in the study. Humans are known to play a key role in the research process instead of being isolated, and free from being controlled. In these settings, research should occur in society and in the daily lives of people - in normal settings rather than experimental settings (Lather 1994; Thorne 2000).

In summary, post-positivism emerged resulting from positivist critics essentially on the social sciences and of its notion of absolute objectivity, due to the reasoning and neglect of common

sense and subjections of human experience, and the treatment of human as objects (Nodoushani 2000; Trochim 2006). Post-positivism is about the social construction of reality rather than the sole reliance on objectivity. Post-positivism, therefore, recognises the importance and meaning of people assigned to human experience (Easterby-Smith *et al.* 1991).

4.4.4 The Chosen Paradigm and Justification

As highlighted in section 1.2 the research methodology and rationale, the preceding section further discusses key research paradigms, their approaches and features. Based on that analysis and in order to balance the argument and eliminate any likely bias of reliance on one approach, therefore, the research uses both positivism and interpretivism paradigm. The researcher believes that applying both paradigms features involving deductive and inductive approaches enhances the reporting of phenomena as they unfold from the participants through data collection. For further discussion on research paradigms see table 4.3; 4.4 and 4.5.

Furthermore, according to Remenyi *et al.* (1998:32), Gliner and Morgan's (2000) research paradigms help direct researchers to the right approach of conducting research. Gliner and Morgan (2000:17) further states that paradigms are not only a methodology, but also a philosophy for guiding researchers. In view of this, however, positivism as a deductive method tends to welcome reliability and validity to generalise and evaluate the research outcome, while in the interpretivism model; the research outcomes are evaluated based on credibility and dependability, which involves qualitative investigations (Carcary 2009).

Due to the emergence of interpretivism resulting from positivism's dominant position, it helps to strike a balance between the two; and merge positivism and interpretivism paradigms to be relied upon based on core beliefs. This mostly helps eliminate the researcher's bias in any given area of research (Hutton 2009).

Grix (2004) further grouped these paradigms into three main headings; from positivist to interpretivist positions; this approach attempts to clarify social reliability to those seeking to interpret or understand the research (see figure 4.1). Post-positivist has taken the central role between positivist and interpretivist paradigms.

Figure 4.1 Key Research Paradigms

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Source: Adapted from: Grix 2004

This illustration by Grix (2004), and earlier highlighted in table 4.4, shows the main features of the two paradigms positivism and interpretivism. Shah and Corley (2006) further point out that positivism can be both qualitative and quantitative, because it can be used as an umbrella to cover an array of interpretive techniques seeking to translate, decode, describe or come to terms with the meaning, not necessary the frequency of the occurring phenomenon.

In addition, Collis and Hussy (2009) point out the features of both deductive and inductive research, indicating how they both interplay. Several statistical measures developed in the past as the means of measuring the reliability and validity, indicating an intellectual rigour, which is logically valid in the positivistic paradigm.

The intellectual rigour signifies accuracy or quality of information; it guarantees that the researcher applied scientific results and that a standard of consistency employed. That is, the conclusions stemming from an analysis of the outcomes is seen to be true and can be trusted (McGregor and Murnane 2010).

In view of this analysis, the author's rationale for the chosen paradigms is as follows:

Firstly, this study's aims and objectives as indicated in chapter 1:1.4 & 1.5 rely on generating theory instead of hypothesis testing, which is in line with the core principle of interpretivist paradigm; also, there are some elements of positivist paradigm due to the involvement of quantitative data and small samples.

The earlier developed theoretical model for this study in chapter 3 (figure 3.3) with some theoretical propositions from the literature study associated with PM System in SMEs and its related construct; this relates to an inductive approach.

Secondly, the data analysis for this study is based on a quantitative approach with the use of software for its validity and reliability revaluations. Also, operationalising the proposed construct needed for quantitative fact finding among the SMEs in the northern Nigeria; in addition, the positivism paradigm is the most widely used paradigm for business research such as this (Orlikowski and Barundi 1991).

Thirdly, tackling the issue of validity and reliability of these study outcomes is crucial in evaluating the phenomena among the SMEs; this factor is consistent with the principles of positivism as declared by Carcary (2009). In justifying the author's rationale, this study employs positivist paradigms to explore the reliability, validity and generalisability for this study outcome.

Following the preceding analysis, this study further adopts Collis and Hussey's (2009) theory of interpretivism paradigm approach, which applied inductive methods with the use of qualitative data. As this study employed the use of a semi-structured survey, and some case studies to identify the SME's performance issues in the studied area, this approach used a handful of primary data to be collected with the use of survey questionnaire at the first instance, and the later stage will apply interviews and case studies for analysis using exploratory and descriptive factor analysis for unbiased reporting, therefore, elements of both research are used.

Finally, Hussey and Collis (2009) stated that, interpretivist concepts associates with collection of small samples over period of time, and with the use of variety of research methods to achieve perceptions of the phenomena, and with analysis for broader understanding of the occurrences, perspectives and mostly generate detailed and rich theory in research and enables the researcher to understand the phenomena. Table 4.6 below further illustrates the key elements between the two paradigms.

Table 4.6 Key features of Interpretivism and Positivism Paradigm

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Source: adopted from Collis and Hussey (2009:62)

4.5 Research Design Strategy

Having established the research paradigm for this study discussed above, the author then moves to outline the research designs strategy. According to Collis and Hussey (2009), once

the researcher has established the research paradigm, the next step is to ascertain the research design strategy for the study.

A research design strategy can, be seen as a plan, structure and strategies to investigate and provide an answer to research questions (Kerlinger 1986:279). Moreover, Cooper and Schindler (2011) also portray the research design as a strategy that constitutes a blueprint for the collection, measurement, and analysis of data. Such a blueprint includes interview, survey, experiments, observation, record analysis; or combination of these.

There are remarkable classifications of research design strategy among the researchers and academics in relation to the research area of study. For example, Cooper and Schindler (2011: 147) declare that researchers are often overwhelmed with the task of selecting a specific research design to use, due to several existing choices without a simple classification.

Robson (1993) further named three traditional research strategies. These include experiment, survey and case study. Gill and Johnson (1991) supported these views; they subsequently give two examples of research design as quasi-experiment and action research seen as a practical way of representing research strategies.

In addition, a study might be, viewed as exploratory or formal; their distinction depends on the overall structure and the objectives. However, exploratory studies tend to be loose in structure and have potential objectives for future tasks. Its immediate purpose is to develop hypotheses or questions for subsequent study. Where the formal study commences where the exploratory left off, it starts with a description of the current phenomenon also involves a precise procedure and data source specification.

In line with that, according to Cooper and Schindler (2011), the overall goal of a formal research design is to outline a valid representation of the current state and to test hypotheses, or answer the research questions. In addition, this study has that same element of formal research design as highlighted by Cooper and Schindler; with the aim of underpinning the phenomenon and answering the research question regarding the dynamic of SMEs, which is unknown.

Finally, Saunders *et al.*'s (2003) assertion of research strategy as a general plan designed to generate answers to a set of questions from the people set by the researchers, the researcher's aim is to apply a strategy that would answer and clearly define the research questions. This strategy can be a decisive approach in highlighting the performance measurement practices for the SMEs organisations, and for the clear understanding of all readers. It is appropriate in this circumstance and nature of the research in answering the research questions, and likewise meeting the main objectives as highlighted by Saunders *et al.* (2003).

4.5.1 Types of Research Strategies

This section turns its attention to outlining the different research strategies in addition to the research paradigm and approaches shown earlier. Saunders *et al.* (2003) declared allocating a particular strategy to a research is unduly simplistic; whether the allocated strategy is appropriate to address the research questions and objectives is what matters. Therefore, eight research strategies according to Saunders *et al.* (2003) that can apply to business research such as this. They further advise researchers to apply caution for its usage and suitability depending on the study.

The eight research strategies suggested by Saunders *et al.* (2003) are:

Experiment strategy: → this strategy is widely associated with social research science, mostly in the field of psychology and typically for the definition of theoretical hypothesis, and samples of individuals from the known population and experiments. This strategy first used by Deci (1972) in a laboratory to study the effects of rewards and control on the intrinsic motivations of individual.

Survey strategy: → is a deductive approach (Collis and Hussey 2009), popular and frequently used by business and management researchers. Some of the reasons for applying survey strategy include the fact that it allows the collection of large data from a sizeable population in an economical way often done with the use of questionnaires in a standardised form to enable the researcher to take control of the research process. The survey strategy enables structured observation and structured interviews for standardised questions.

Case study strategy: → according to Robson (2002), case study defined as a strategy used in conducting an empirical investigation of current phenomenon within its real life context using multiple sources of evidence, for better understanding of the research context (Morris and

Wood 1991). This strategy also enhances the researcher's ability to generate answers to the question 'why – what and how' questions from the survey strategy.

Ground theory: → can be traced back to Glaser and Strauss (1967), used for various theoretical coding analysis. It is an inductive approach, as mentioned earlier also simplistic. In ground theory strategy, data collection often starts without initial theory framework; only developed through a series of observations from the data generated.

Ethnography: → it is an inductive research approach embedded from anthropology. The aim is to interpret the social world, and can be time consuming. This research strategy, is used when the pattern or research needs changing from time to time.

Action research strategy: → its introduction came from Lewin (1964) has since been used in various management researches; action research strategy, has three literature arguments; (i) emphasises the research purpose and the management of a change (Cunningham 1995). (ii) Highlights the close collaboration between the researcher and the practitioner, such as academics or external consultant, (iii) its implication goes beyond the immediate project; that means it must be clear that the results could inform other contexts for an academic undertaking action research strategy, such as transfer of knowledge.

Cross-sectional strategy: → it enables the study of a particular phenomenon at a given time; and according to (Easterby-Smith *et al.* 2002; Robson 2002), cross-sectional strategy often engages the use of survey strategy because it seeks to describe the incidence of a phenomenon. It also encourages the use of interview for case analysis.

Exploratory and Explanatory strategy: → Robson (2002) categorized these strategies as enquiries, and further grouped them into threefold: exploratory, descriptive and explanation. Several business researchers employ the strategies where the research involves multi-purpose and does change over time.

The threefold classification by Robson (2002) is as follows:

Exploratory: → it affords the researcher an opportunity of 'finding out what is happening', by seeking new insight for questions to be asked and assessing the phenomenon in a new light. It also helps to clarify the researcher's understanding of the problem. Three ways of conducting exploratory research exist; (i) a search of the literature, (ii) discussing with the expert and (iii) carrying out focus group interviews.

Explanatory: → it helps to establish a causal relationship between variables, and it emphasises the study of a particular situation or problem in order to explain the relationships between the variables.

Descriptive: → enables the researcher to see a clear picture of the events or situations and phenomenon prior to data collection.

In summary, the above analysis indicates how researchers can apply different research strategies to conduct mixed research. The fact is that knowledge of the organisation can give the researcher great advantage by eliminating the complexity. The eight strategies are advocated by Saunders *et al.* (2003) supported by Collis and Hussey (2009) and Kumar (2005).

Having demonstrated various research strategies and their suitability for each study, this study seeks to explore the PM System in SMEs in the northern Nigeria in order to provide answers to the research questions as to why some SMEs might use PM Systems and some do not. Therefore, as the study also seeks to understand the dynamic of the systems among other factors in addition to seeking an in-depth and comprehensive exploration of these phenomena, the researcher adopts both exploratory and explanatory strategies. This has the enquiries concept to balance the integration of the enquiry, as the study seeks to understand the perceptions among the individual organisations of a PM System and its application.

Furthermore, a survey strategy been applied; it enables the researcher to collect a reasonable amount of data from a sizeable population in a cost-effective way. This approach also involved the use of a questionnaire for standardised data, for easy analysis of the findings, to help the researcher control the research process as declared by Saunders *et al.* (2003).

Finally, the empirical material has been, and will be in the upcoming parts of the study, gathered through semi-structured qualitative interviews. This technique has been considered by the researcher to be resourceful in attaining data to an extent (Eisenhardt and Graebner 2007: 28), which also contributed to this choice of method.

In addition to the interviews, some of the organisation's past and present transaction records were examines, to ascertain their performance. The researcher also found trade publications on small and medium organisations. The rationale for collecting data from different sources was an effort to construct an absolute an understanding as possible of the cases to use in the analysis.

4.5.2 Justification for the Chosen Research Strategy

According to Robson (2011; 2002: 1993), exploratory and explanatory research can simply be named as enquiries strategies in terms of their study purposes. The fact that every research has more than one purpose means that a combination of these strategies becomes obvious as it seeks insights into questions and assesses phenomenon in new lights (Robson 1993:42).

Emroy and Cooper (1991) further argued that using enquiries strategies can be time consuming and suggested three ways to help save time. These are:

- By searching the literature (literature review)
- By talking to experts in the subject (purposive)
- By carrying out groups interviews (semi-structured)

Emroy and Cooper's (1991) argument are based on the use of exploratory studies; however, the three research strategies are mutually exclusive. On the contrary, Adams and Schvaneveldt (1991) disagree with Emroy and Cooper's views, and point out that enquiries research has vast advantages, such as flexibility and adaptability, that easily leads the researcher to exploring the unknown as it is mixed. Collis and Hussy (2009) also support this assertion.

Having outlined this author's views in relation to the chosen research strategies, the researcher believes that the chosen strategies are flexible and often used in the real world case scenarios such as this. In addition, in Adams and Schvaneveldt (1991) view; flexibility inherent in exploratory research does not mean absence of direction; rather it focuses on the broad and gets progressively narrower as the study progresses. Moreover, Emroy and Cooper's (1991) arguments are taken on board by adopting the three suggested approaches to save time, and is efficient.

4.6 Multi-Strategy (Triangulation)

Having outlined the chosen strategy and its justification for this study, this section then moves on to discuss the multi-strategy approach, which is also known as *triangulation*, for the validity and evaluation of the research findings. According to Mathison (1988), irrespective of the research paradigm or methodological perspectives the researcher is

working from; a good research practice requires the researcher to triangulate; it involves using multiple approaches and data sources to enhance the validity of the research findings.

The triangulation metaphor was introduced by Campbell and Fiske (1959); with navigation strategy to locate unknown object at two points at sea. While Webb *et al.* (1966) reinvented the term triangulation in their paper of non-reactive measures in the social sciences; their argument was mainly on the validity of propositions they claim could aid by using a mixture of methods, and mostly non-reactive measures.

Denzin (1978) then analysed how the triangulation strategy could be used in research, and subsequently organised it into four headings; namely:

Researcher triangulation: → relates to the use of two or more researchers in one study's analysis to avoid single researcher bias and increase its creditability.

Data triangulation: → involves the use of more than one strategy to analyse different sources of data and technique in a study, and it helps check for consistency of information. Data triangulation has huge benefits for the researcher, such as in enhancing confidence in the data and enabling a better understanding of the phenomenon. It also helps to reveal the true picture of the findings, while integrating theories to the overall findings.

Theoretical triangulation: → it relates to the use of more than one theoretical perspective with the same data to enhance understanding on how the findings, are affected by different theories and principles. It could be, used to test and analyse information from the same data (Boyd 2000).

Methodological triangulation: → it relates to the use of two or more methods in one study, often called the multi-method and mixed-method triangulation (Barbour, 1998). It can be confusing; similarly, multi-method relates to the use of two or more methods with the same paradigm, while mixed-method triangulation relates to the use of both qualitative and quantitative approaches in one study (Barbour 1998; Greene & Caracelli 1997).

Finally, the use of triangulation or multi-strategies minimises any weakness within one method and supports others; according to Creswell (2003), the advantages of using mixed methods enhance familiarisation with its findings for validation.

4.6.1 Benefits of Triangulation for this Study

Having illustrated different strategies in the design above, this section further discusses the benefits of triangulation strategy. Due to the practical nature of this study involving SMEs performance measures seeking to uncover the current PM Systems used by the practitioners, triangulation strategy became necessary for accurate information and data analysis to avoid any bias. While Mason (2006) acknowledged that triangulation has huge benefits, he also points out that multi-strategy can also be tedious and confusing, and stresses the need for a clear purpose and sense of logic, as declared by Collis and Hussey (2009).

In view of this, the benefits of using triangulation strategy for this study are:

It will help uncover the current systems used by the SMEs, and also promote excellent research for this study; also complement, strengthen and elimination of any overlapping weakness by applying the basic principles.

Furthermore, the mixed approach encourages authentication as they focus on the same phenomenon and provide similar results for this study.

They complement one set of results with another, and develop on those set of results to discover what would have, been missed if only a qualitative or a quantitative approach had been used.

To summarise, as highlighted above, this study gains from some of the benefits by using the triangulation strategy. The goal for the researcher using a mixed-method is as it follows the ground rules as highlighted by Denscombe (2002). It aids to address the research questions in a broader perspective and provide a clearer understanding of the phenomenon.

4.7 Data Type for this Study

Having outlined the research strategy, triangulation and their benefits for this study, this section further discusses the data type.

According to Hair *et al.* (2007), the researcher exploring a particular area of study is required to consider whether there is existing data in that area that could simply answer the research question in order to save time. Having thought of Hair *et al.*'s (2007) statement, and based on the available literature, therefore, the data collection for this study became necessary in order to answer the research questions and analyse the findings, as there is little within available literature to reveal the dynamic of the SMEs for the chosen settings.

Similarly, researchers are also bound to declare or be explicit about the type of data needed and intended strategies for such data collection and analysis. This intention relates to the choice between quantitative versus qualitative research; secondary versus primary data and subjective versus objective.

4.7.1 Qualitative Research

Mack *et al.* (2005) defined qualitative research as a type of research with scientific meaning which its investigation often leads to:

- Finding solutions to a particular problem or question
- Assembles evidence
- Generates appropriate results beyond immediate boundaries of the research
- Generates findings that is not predetermined
- Methodically applied a predefined approaches to response to the question
- Also, it explores to comprehend a particular research topic or issue from the perspective of the participant involves.

Based on this, therefore, qualitative research relates to how the researcher discovers and understands the phenomenon as it exists in the natural world and explores their meaning and purpose. This phenomenon then turns into a series of representations, which includes interview, conversation, recording and memos.

That means the researcher applying a qualitative method studies things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them (Denzin & Lincoln 2005:3). Qualitative research also relates to an inductive approach as illustrated above (see table 4.6). Brannen (2005) also described qualitative research as a simplistic method that captures the significance that actors attached to their lives and situations.

The key advantages of qualitative research is that; (1) it encourage exploration approach that allows open-ended questions, which offers participants an opportunity to respond in their own way and word not leading, (2) with the use of open-ended questionnaire, it enhances rich and expressive responses, (3) the researcher is unanticipated and (4) significant and ethnically noticeable to the participant.

The key strength derived from the use of qualitative research, its facilitate the resolve of complex textual descriptions of participants experience on a particular research problem, it

generates specific data about human side on a given problem which often relates to inconsistent beliefs, behaviours, and opinions of individual or business (Mack *et al.*2005). Finally, the use of qualitative research helps in recognising tangible influences such as norms, gender roles, religion and socio-economic status whose character in the research problem might not be readily obvious, but with the application of quantitative techniques, qualitative research would enhance the interpretation and understanding of the complexity and reality of the situation through data analysis.

4.7.2 Quantitative Research

According to McLeod (2008) quantitative research is the type of research approach use by researcher in gathering information and later transcribed into data readable format with the use of statistical software, the data can be rank in; order, categories, in unit of measurement and often lead to constructing table, charts and diagram from the raw data.

Similarly, quantitative research is a recognised rigorous process for generating information about a particular setting, conducted to describe new events, situations and thoughts in the world, example, determining the effectiveness of treatment on patient's health and help to outline the relationship among different various of performance (Burns and Grove 2007). Also, quantitative research is associated with experimental design for test processes such as hypotheses (Fisher 1935).

Relating to these discussions, therefore, quantitative research relates to the deductive approaches where theory or hypothesis tested to justify the variables, the purpose statement and direction define the research questions. The phrasing of the hypothesis and research question predetermines how data will be collected, i.e. survey, samples and observation (see table 4.6), and the method of statistical analysis is used to determine the data (Creswell 2002).

Quantitative research also enables the researcher to project the findings onto a larger population through an objective process in which results can be generalised and interpreted; and conclusions derived from the collected data and measures of statistical analysis (Creswell 2002; Thorne and Giesen 2002). However, qualitative and quantitative research approaches have some similarities that researchers have used in many studies such as this (see table 4.7 below).

Table 4.7 Similarity of qualitative and quantitative research approaches

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Source: Nyamongo and Ryan (2001)

In addition, Creswell (2003:18) further asserts, “*the knowledge claims, the strategies, and the method all contribute to a research that tends to be more quantitative, qualitative, or mixed*”. In view of Creswell’s declaration of qualitative and quantitative similarities illustrated in table 4.7; the researcher sees the need to elaborate on the chosen research approach to balance the argument; it is also beneficial not only to the researcher but also to every reader of this project.

According to Creswell’s (2003) qualitative and quantitative research approaches is, also called mixed approaches, which most researchers often use in business research. A mixed approach enables the researcher to base knowledge and claims; this strategy enhances inquiries involving the collection of data consecutively to best understand the research problems. Also, the significance will be equal between the quantitative and qualitative approaches, leading to a mixed or combined approach (Creswell 2003).

Table 4.8 The Combined Approaches used in this Research (Qualitative and Quantitative)

	Qualitative	Quantitative
General Framework	<ul style="list-style-type: none"> ** Seek to explore phenomena ** Instruments use more flexible, iterative style in obtaining and categorizing responses to questions ** Employ semi-structured methods i.e. in-depth interviews, focus groups, and participant observation 	XXX
Methodical Objectives	<ul style="list-style-type: none"> ** It describes variation ** Describes and explain relationships ** It describes individual experiences and group norms 	<ul style="list-style-type: none"> **It measures variation and help describes characteristics of a population
Question format	<ul style="list-style-type: none"> ** Open-ended 	XXX
Data format	<ul style="list-style-type: none"> **Textual (obtained from audiotapes, videotapes, and field notes) 	<ul style="list-style-type: none"> ** Numerical (obtained by Assigning numerical values to responses)
Study Design	<ul style="list-style-type: none"> ** Various aspects of the study are flexible, i.e. the addition, exclusion or wording of particular interview questions. ** Responses from participant affect how and which questions researchers ask next ** Study design is iterative, that is, data collection and research questions are adjusted according to what is learned 	<ul style="list-style-type: none"> ** Design study is stable from beginning to end ** Generate statistical assumptions

Source: Author

4.7.3 The Chosen Research Approach

The preceding sections outlined the two main research approaches involving quantitative and qualitative research supported with theories on how each approach is perceived and applied to researches. Similarly, table 4.6 further summaries their similarities and elements which this study has applied right from the start. Based on those similarities and how they complement each other, therefore, both qualitative and quantitative approaches are used, also known as triangulation or mixed approach. In this study, the qualitative approach has already been undertaken prior to the quantitative approach see table 4.8 illustrating this prior approach. The rationale is to strike a balance between the two and eliminate any possible bias or weakness.

4.8 Secondary versus Primary Data

As Saunders *et al.* (2003) points out, researchers have the ultimate choice in choosing the required data for their research. On some occasions, many tend to reanalyse the data already collected for other purposes by others. Those types of data, known as secondary data, while many consider collecting new data (primary) specifically for that study purpose, and as such proven useful in answering the research question. Moreover, the choice solely depends on the nature of research, the existence and significance of the required data.

The key factors often considered by many researchers are the cost, accuracy, reliability and validity, and the expected outcome of the study. Agreeing with Hair *et al.* (2007), this factor must be taken into account before proceeding with the research. It is also a key determinant in making the ultimate decision regarding approaches to data collection (Morgan and Summers 2005).

Therefore, **secondary** data is information already collected by someone else or recorded for other purposes. On the other hand, **primary** data is the information or data collected by the researcher mainly to answer the research question; it is raw data analysed later to explain the phenomenon. Primary data is usually collected through, the use of in-depth interviews, surveys, focus group, or through experiments, see figure 4.3 for a broad analysis.

Figure 4.2 Research Data Sources

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Source: adapted from Kumar 2005

In view of Morgan and Summers (2005) and Saunders *et al.*'s (2003) assertions and aligning with the research aim and objectives, this study utilises both secondary and primary data sources in answering the research questions. According to Cooper and Schindler (2011), the existing data, which is secondary and primary, collected externally where organisations operate, harmonize with each other, and at the end it generates an interesting data set.

This concept applies to this study but significantly relied on primary data, as there is little secondary data available to answer the research extensively, as highlighted earlier. The advantages of these two data sources are discussed next.

4.8.1 Advantages and disadvantages of secondary and primary data

Secondary data: → having outlined secondary data sources, and their existence and purposes, in many cases the researcher created questions addressed through secondary data set analysis, which they are not involved in collecting. In some cases, the data is collected for different purposes or specific questions; this sort of data has its advantages and disadvantages.

Table 4.9 Advantages and Disadvantages of Secondary data

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Source: Saunders *et al.* (2003)

Primary data: → as outlined earlier, primary data offers researchers first-hand experience to observe unpublished data. It further enhances the understanding of the social phenomenon through analysis of the collected data. Therefore, the benefits and some of the drawbacks outlined in table 4.9 below.

Table 4.10 Benefits and drawbacks of primary data source

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Source: Saunders *et al.* (2003)

4.9 Data Collection Strategies

4.9.1 Introduction

In this section, the author discusses the various methods as follow up from the previous methodology section aligning with the research aim and objectives. The provision of an explicit description of the purpose to answer the questions, because it enables readers to see and understand the research intention (Denscombe 2002) and the point related to the research aim and objectives. Denscombe's (2002) ground rules play a leading role in guiding the researcher in addressing the research questions such as its structure, accuracy and format.

The researcher adapts Denscombe's concept for this study, evidenced through modifying and adapting elements of Wu's (2009) research on SME measurement in the ICT industry and Ngwu's (2005) research questions on SMEs performance in Nigeria. The main reason for drawing upon these previous instruments was their suitability to this study, their reliability due to the academic rigour applied to generate questionnaire items, and opportunity for comparison. While questionnaire items drawn from these previous studies formed part of the research questions for this study, other questionnaire items were generated through extant literature reviewed within the research domain.

Following good academic practice the derived questionnaire for the study was piloted to test for validity and reliability. The pilot was conducted with five SMEs owners and managers here in UK because the SME business structure and employees number are similar to the SMEs in Nigeria which makes it suitable for pilot study. This approach is supported elsewhere (Sheatsley 1983; Sudman 1983). According to Sheatsley (1983), with a pilot being a conventional method of establishing questionnaire problems and answers the research questions. Also, Norland (1990) states that in order to establish questionnaire validity, it must pass through a panel of experts to ascertain wording, issues of validity used are further discussed below.

4.9.2 Reliability and Validity

According to Wu (2009) reliability serves as doctrine within the social research domain and enhances consistence results from the developed instrument, and validity demonstrates accuracy in results to what it was meant to measure. Also, Drost (2011) declares that

reliability is a method of determining at what degree a measurement remains repeatable when different organisations conduct their measurements on various time and various situations using different instruments to measure similar research items. Based on that, various methods and types exist that help to address reliability and validity in quantitative and qualitative study. Therefore this study used both qualitative and quantitative methods, a mixed strategy was applied to eliminate any bias and enhance reliability and to further ensure validity.

4.9.3 Construct validity

According to Trochim (2006) a given measure can be referred to as it constructs validity if it's theoretical valid and based on external validity. Applying this concept to this study; therefore, study had utilised various techniques to eliminate the risk of construct validity, this include performance measurement frameworks, theories and evolutions were explored in addition to PM Systems in SMEs and suitability for their use. This approach led to conceptual framework development and propositions outlining sets of measures for SMEs effectiveness based on prior analysis.

4.9.4 Content Validity

Sarantakos (1998) declare that a measure should have content validity if its covers relevant aspect of research topic; also, Bollen (1989) defined content validity as a type of validity based on qualitative concepts that can be clearly judge with representation of the research domain. Bollen further suggested two ways where validity can be assessed and judged; (1) test or asked a series of instrument related questions and (2) seek the view of expert judges within the domain. Equally, for this study and ensuring content validity, interviews were conducted with SMEs owners and managers within the chosen location and sector. The study was in stages, which is quantitative and qualitative phases, and this approaches enhances instrument reliability applied in quantitative phase for data collection. On the qualitative phase, materials were collected this includes; survey, interview and case-study, and the results enhance the modification of variables and conceptual formation, content validation.

4.9.5 Internal & External Validity

Yin (2006) discussed external validity regarding accuracy of results on phenomenon, if the results can be generalized; and according to Wu (2009) internal validity relates to

interpretation of data through consideration of alternate explanation and applying joined data and strategies. Wu's (2009) declaration refer to the importance of using instrument which the researcher used for this study and statement reflects on generalisability of the findings of this study gather through questionnaire instrument which is in line with Sarantakos (1998) concept. However, in relation to the case-study which lacks generalisation, and to rectify that and ensure internal and external validity; therefore, (1) the study applied triangulation strategies methodologies and data (2) used multiple case-studies to enhance external validity.

Also, this section describes the method of data gathering leading to analysis for this study, and various methods and steps used from the questionnaire development to data collection and analysis. This study employed both primary and secondary data collection methods, as they complement each other and often used by researchers for business and management research such as this to obtain information for various research purposes.

According to Sekeran and Bougie (2010), two data sources exist where data can be obtained, types and the amount of data sought solely depends on the research nature. Likewise, the study objectives; if the research is exploratory, the researcher deems to collect narrative data with the use of one of the sources indicated above (see figure 4.3).

This study is structure to progress in several phases and stages in order to meet the research aims and objectives. Collis and Hussey (2009) state that data collection is fact finding to unearth the phenomena the researcher is studying. They subsequently characterise data as known facts or things used as a basis for speculation; based on existing literature. The researcher employed survey questionnaires, semi-structured interviews and case study methods in data collection. Similarly, as indicated in figure 4.3 above, the researcher begin by utilising a survey questionnaire as the first stage of data collection

4.10 Questionnaire Overview

The approach which the questions and questionnaire was formed have been outlined, from prior studies conducted by Wu (2009) on Australian SMEs IT performance and management and Ngwu (2005) on Nigerian SMEs problems' perspectives. The researcher found their questions and questionnaire pattern applicable to this study which was modified and used for this study's data collection instrument, this approach is supported by many authors (Harkness 2010; Strauss and Eun 2005).

According to Harkness (2010) adapting a questionnaire from previous research question is not new in the field of business research, questionnaire can be adapted and modified to create a new questionnaire or question and sometimes not possible to uniquely addressed or mention during the research cycle. Therefore, authors often make changes prior to adapting questions from other research to meet their new needs and those changes sometimes result in general or better version or instrument (Harkness 2010). Also, Strauss and Eun (2005) state that adaption could be done in language, question and questionnaire context.

4.10.1 Questionnaire Instrument

According to Radhakrishna (2007), a questionnaire is the most frequent and effective instrument used in data collection as it helps to gain knowledge, opinion, behaviours, reality and other information.

Earlier in 2003, Radhakrishna, Leite, and Baggett carried out a review of 748 studies conducted in agricultural and extension education, and discovered that 64 percent used questionnaires; they also discovered that 31 percent of studies reviewed did not report procedures for establishing validity and reliability (Radhakrishna *et al.* 2003); moreover, Collis and Hussey (2009) state that researchers rely on questionnaires as a vehicle to steer primary data collection; hence the researcher focuses on how the questionnaire was designed and what construct it used.

Developing a valid and reliable measurement for this study questionnaire is an issue of significance for the researcher to help prevent or eliminate any possible error the researcher has looked at the relevant theory, literature and related construct necessary for questionnaire formation to reflect on the research aims and objectives.

This construct includes instrument composition; according to (Hair *et al.* 2007), instruments for data collection are important for any research; such instruments involve strictly constructed questions and scales, which includes:

- Likert scale; → it provides the respondent with statements to either agree or disagree, and normally contains 5 points, but could be more or less. The middle category offers no opinion. It helps to generate ordinal data for statistical analysis.

- Semantic differential scale; → it provides all respondents with a scale containing a pair of diametrical adjectives to respond to by putting a between the two extremes.
- Checklists scale; → it provides the respondent with sets of items to choose from either by ticking or circling the relevant one.
- Ranking scale; → respondents are provided with a list to choose from in order of preference, importance and merit, without disclosing the ranking and not more than ten items (Hair *et al.* 2007).

Other survey methods include the self-completed questionnaire and questionnaire administered by interviewer (Robson 2011). Interviewer-administered surveys involve direct contact with the participant or respondent. Hair *et al.* (2007) further characterised an interviewer-administered survey as one involving face-to-face and through telephone; while self-completed questionnaire survey comprises of mail type, internet type and drop and pick afterwards type.

Furthermore, Robson (2011) states that the use of survey questionnaire methods support the researcher in determining ‘how many, how much, where and when.’ Likewise, it helps to increase knowledge on respondent’s opinions.

This study recognised survey questionnaires to be appropriate and adopted for this study as it enables the researcher to collect a reasonable amount of samples by reaching a larger population. Secondly, through this recognition of survey question method, this study also adopts the Likert and Checklist scales due to their simplistic approach. In addition, data collected from respondents can easily be analysed without too much complication.

Therefore, both paper and internet self-administered survey questionnaire, were used in collecting data for this study, which was Robson’s (2011) concept. Questionnaire design process comes next, as discussed below.

4.10.2 Scale Development

Having looked at various scales available for the business research, such as these to enhance the researcher’s decision-making, the development process helps the researcher to identify the necessary performance concept.

Therefore, Hair *et al.* (2007) state that scale development is an important process in business research and should be done correctly, otherwise interpretation and conclusions will be inaccurate.

In this study, identifying SME's related performance construct and operational variables will ensure accurate analysis of SME's performance issues; bearing in mind the main objectives of this study. In addition, scale development process helps the researcher to focus on the key issues through gathering, brain storming, reading and borrowing from the existing scales; while not being too negative or positive, or discriminating among respondents (Robson 2011).

According to Robson (2011), scale development involves several steps, this includes:

- *Assembling interrelated items that are significant:* → this involved reading around the related literature and borrowing from the existing scales.
- *Applying categorisation system:* → the use of five fixed alternative expressions i.e. strongly agree, agree, neither agree nor disagree, disagree and strongly disagree; of which weightings of 1,2,3,4 and 5 assigned to these statements.
- *Collect and summarise the score for each respondent:* → this is by summing up the value from each respondent and by ranking the total scores collected.
- *Item selection:* → this is with item analysis, such as statements with the use of discriminating power (DP) subject to its measurement (Robson 2011:304).

Subsequently, having established the required paradigm in which this study is grounded and the anticipated strategies in achieving the aim and objectives, through the, use of extant literature the researcher subsequently developed and validated a scale measurement in achieving the aim and objectives for this study. Researchers such as Rossiter (2002); Diamantopoulos and Winklhofer (2001); Churchill (1979) and Nunnally (1978) have proposed various methods of scale that can used within a sampling domain; Churchill's (1979) method seems to be more popular than others and widely used in business research such as this.

In spite of Churchill's popularity, the researcher further seeks an insight from others (Robson 2011; Johns, 2010; Hair *et al.* 2007; Kumar 2005). The Likert scale was utilised for this

study, which enables the researcher to, successfully convey the right questions and to get the right response option that best reflects the position of PM Systems within the SMEs.

The chosen population was the north of Nigeria where the question was, distributed as the chosen area of study.

Finally, the scale development enables the researcher to identify multi-scales for performance measurement and its interrelated constructs. In consideration of these study objectives, hence adopts multi-scales for accuracy and to ensure reliability and validity, it helps to specify and define a series of performance measures appropriate for the SME's performance. The wording was explicit, and took into account the objectives of this study. The questionnaire further went through a pre-test process for necessary corrections before the final version to minimise any bias response (Spector 1992).

4.10.3 Type of Questions

Identifying the process of scale development was necessary for this study. The items for the final questionnaire were also chosen through this process, leading to adopting Likert and Checklist's scales for this study's questionnaire. The questions were, considered to establish SME's motivation for embracing PM Systems, and how the PM System is subsequently managing to achieve the organisation's aspiration. Based on this it was directly, strategically and drawn from internal operations and performance, and was anonymously created to gain respondents confident and increase participation. Moreover, in regards to the actual wording, some questions were short to avoid mistakes and save time; some were reversed to ease any possible preconception from respondents (Robson 2011).

4.10.4 Chosen Scale and Format

Agreeing with Crawford's (1997) assertion that no survey can attain its success without a well-designed questionnaire and without any theoretical basis; as always is the case with any research, the design of any questionnaire depends on the type of research the researcher is pursuing.

Therefore, this study utilises exploratory approaches to collect qualitative information or data for a better understanding of performance measure issues in the chosen settings.

Johns (2010) declared that Likert scales are also known as "summated" scales, because information collected from respondents is summed up for the final score representing the

occurrence. In view of this, the research questions formed the basis for the questionnaire design in order to sufficiently, address the highlighted operational issues involving SMEs.

Robson (2011: 252) points out the questions that must be designed to accomplish the research goals, and essentially to answer the research question, to eliminate any ambiguous terms and complexity with options to choose from, while the researcher revisited the questions for an alignment and clear understanding.

As Johns (2010) pointed out, the Likert scale response format commonly used to measure responses from an unbiased standpoint. Therefore, multiple labelled Likert scales was adopted and use to explore the respondent's performance measurement systems aspirations, with responses options, and some of the questions divided into sections, as it is extensively used for business research. In most recent times, the Likert scale has become popular in business research (Robson, 2011; Johns, 2010; Hair *et al.* 2007 and Kumar 2005).

In addition, the Likert scale can be either five-point or seven-point scale categories depending on the research as illustrated in table 5 below.

Table 4.11 Likert Scale Categories

This item has been removed due to 3rd Party Copyright. The unabridged version of the thesis can be found in the Lancaster Library, Coventry University.

Source: Adopted from Hair *et al.* 2007:229

For the purpose of this study, the five-point scale are used in designing the questionnaire for this study, seen to be most appropriate for easy interpretation of the data collected from respondents.

4.10.5 Questionnaire Design and Structure

Having identified all items and relayed them to their representative constructs through purposive sampling, the researcher further employed these items for questionnaire design. Survey questionnaire often used in management research, Radhakrishna (2007) described it as the most frequent and effective instrument used in data collection that helps and enhances the researcher's knowledge. In addition, Oppenheim (2005) further portrayed survey

questionnaires as an important instrument used for data collection that consists of rigidly constructed scales and questions and in the form of attitude scales, check list and rating scales.

Furthermore, survey questionnaire methods comprise of self-completion questionnaire and interviewer-administered questionnaires (Robson 2011:241). Subsequently, a self-completion questionnaire can further be categorised into paper-based and electronic-based (Robson 2011); moreover, Oppenheim (2005) also categorised it into telephone, postal and face-to-face. According to Robson (2011) and Oppenheim (2005) applying survey questionnaires increases the respondent rate, accurate sampling and reduce bias.

Similarly, having looked at the scale categories and the questionnaire format, structure bearing in mind the five-point scale chosen for this study and assigning the scale to the right section and right sequence for clarity and greater responses. The questionnaire was as shown on the following table:

Table 4.12 Questionnaire Structure/Alignment

Section/Outline	Narration	Derived from/Source
Section A: →	Solicited for information regarding respondent background, role/position in the organisation, years established, number of employees	Combination of literature and previously research questionnaires on SMEs
Section B: →	PM System Implementation currently in used with subheadings for a clearer picture of what it is measured against and why.	Literature and previously questions on PMS
Section C: →	Measures implementation, leadership and planning, supplier and quality focus, employee practices, information and bench marking, technology & innovation, strategy.	From literature review and previously questions on PMS
Section D1 & D2: →	Performance results and outcome regarding how well organisations are doing in comparison to their competitors. In this last section, the Likert five-point scale assigned to assess organisational internal capabilities and competitiveness compared to their competitors	Combination of business research methodology and previously research on PMS and SME

Finally, prior to this questionnaire sections formation, the general statements formed an introduction as to why the research is conducted; while informed consent was also sorted from respondents, a complete anonymous and confidentiality was assured for every detail of information on both personal and organisation. In addition, the general statement outlined the instruction on the nature of information required, and the purpose for such information.

Table 4.13 Advantages and Disadvantages of Survey Questionnaire

Source: Robson (2011)

4.10.6 Questionnaire Wording

The wording of the questions for the questionnaire was, based on the final scale items during and after purposive sampling exercise. The wording of the questions was short, plain, clear, and explicit to eliminate double-barrelled and leading questions. In addition, some questions were reverse to curtail bias response (Spector 1992). Moreover, Robson (2011) also stresses the need for researchers to only ask questions where the respondents are likely to have good knowledge and provide the answers, and steps should be taken to avoid any negative framed questions. Hence, the questionnaire wording was specific regarding SMEs internal performance.

4.10.7 Questionnaire Response Format

The researcher used Likert and checklist scales used for the questionnaire design, and further utilized checklist or summated scales to seek the respondent's perceptions in relation to their organisation's internal performance measures using the scale items. Likert was adopted and used because of its simplicity, reliability and the fact that it is used commonly in business research. It also provides accurate responses and reliable results (Robson 2011; Johns, 2010; Hair *et al.* 2007 and Kumar 2005).

As hinted earlier in this chapter 4, a five-point scale was used for the scale items. Researchers such as Robson (2011) and Hair *et al.* (2007) have suggested the use of five-point scale. Therefore, the five-point Likert scale was categorised from left to right as '*strongly agree*'; '*agree*'; '*neither agree nor disagree*'; '*strongly disagree*' and "*disagree*". The Likert scale offered the respondent's unambiguous terms with clear options to choose from, while the researcher revisited the questions for an alignment and clear understanding.

4.10.8 Question Structure/Sequence and Introduction

Having completed the questions format, the next stage was the structured of the questions. The questions were, structured into four sections. *Section A*, solicited for background information regarding respondents, role/position in the organisation, age, years established, number of employees. *Section B*, relates to PM Systems implementation currently in used with subheadings for a clearer picture of what it is measured against and why. *Section C*: relates to current measures implementation, leadership and planning, supplier and quality focus, employee practices, information and bench marking, technology & innovation, strategy. Finally, *Section D1 & D2* relates to performance results and outcome regarding how well organisations are doing in comparison to their competitors. In this last section, the Likert five-point scale assigned to assess internal capabilities and competitiveness comparison to SMEs competitors.

Finally, an introduction relating to the general statement from the researcher, what the research is for and why the researcher is embarking on the research. The sort of information required from the respondents with assurance of total confidentiality on all information provided, followed with how to answer the questions in each sections: concluding with a note of thanks to respondents for participating in the research.

4.11 Definition and Use of Pilot Study

Having completed questionnaire design and structure for this study in addition to the process, a pilot study became completely necessary as crucial element for this research.

Van Teijlingen and Hundley (2001) defined pilot studies as a small version of a full-scale study and further named it as feasibility studies. A pilot study is an important part of good study design as it raises the prospect in the main study (Van Teijlingen and Hundley 2001).

Conducting a small-scale trial before the main study was essential. The intention was to test the accuracy, wording and research design instrument, reliability and to improve the research methods (Burns and Grove 2005). Robson (2011) also recommends a small pilot study in most research such as this. Furthermore, pilot study also helps to establish errors, enhance accuracy in research instruments to ascertain whether the sample population accurately represented, and to scrutinize the reliability and validity. The instrument also helps to improve the data collection and analysis.

Therefore, every questionnaire should be pre-tested for evaluation, accuracy and reliability of the responses (Hair *et al.* 2007). The key objective at this phase of the study is to properly assess its reliability and wording, making sure that each question is relevant, clearly worded and unambiguous. In addition, it is to check for spelling and grammatical errors, the duration for its completion and to have a clear understanding of how the respondent understands and interprets the questions and instructions' clarity.

4.11.1 Pilot Study and Questionnaire Pre-test

Having completed the questionnaire design for the main study, the next stage for the researcher was to embark on a pilot study as a prerequisite before carrying out the main study. Van Teijlingen and Hundley (2001) describe a pilot study as a small version of a full-scale study where possible, to carried out a small trial of the study with the intention to test and improve its wording, instrument, and reliability and to improve the research methods (Burns and Grove 2005). Researchers such as Robson (2011) recommend pilot studies to help establish errors and enhance accuracy during data collection.

Based on the preceding discussion and concepts, a pilot of the questionnaire was conducted with SMEs operators within the UK Midlands to determine the strength and weaknesses, wording, question format and order. The pre-test was self-administered through prearranged meeting with the SMEs owners and managers which business operations are similar with the SMEs in the research location (see table 4.13).

This method facilitated the enhancement and restructuring of the questionnaire in preparation for the main study, helping to improve its reliability and validity as well as the overall response rate; and reducing the time frame needed by the respondents to complete the questionnaire (Burns et al. 2008). Example, in section B and C of this research survey questionnaire, the wording of the questions regarding PM System currently in place, model and how the SMEs motivate their employees and performance rating all, the modifications and restructuring covers question 5- 9 in section B; while section (C) relates to internal measures, it covers both financial and non-financial performance, the modification in this area allows effective application of Likert scale in order to generate the right and effective response from the participants regarding performance measurement, like leaderships, supplier and quality focus practices within their organisations the modifications and restructuring covers questions 12 and 13 on this section.

Furthermore, as hinted in the methodology chapter, the study used a questionnaire as the first approach for data collection that went through pre-testing for accuracy and reliability.

In this study, having completed this importance procedure to enhance the questionnaire design regarded as a key process prior to data collection, the process also involved pre-test to evaluates the wordings and reliability of the questions. The key objective at this phase of the study is to properly, assess its reliability and wording, making sure that each question is relevant, clearly worded and unambiguous. Furthermore, it also made it possible to check for spelling and grammatical error, the duration for its completion and to have a clear understanding of how respondent understands and interprets the questions and the clarity of the instructions. Arain *et al.* (2010) supports this concepts, which states that, a pilot study necessitates further development of a larger study, it also enables testing and validity of the research instrument for trustworthiness and reliability.

4.11.2 Rationale for Questionnaire Testing for this Study

Having conducted a pilot study as way of evaluating the accuracy and reliability of the questionnaire as recommended by Hair *et al.* (2007) and to ensure that the questionnaire has the right wording and is relevant to this study; purposive sampling (also known as judgement sampling through non-probability) was adopted with precise elements. The rationale for this was that that expert opinion is highly significant based on their experience and expertise in detecting possible errors in the questionnaire design; and also to eliminate any possible bias with the respondent.

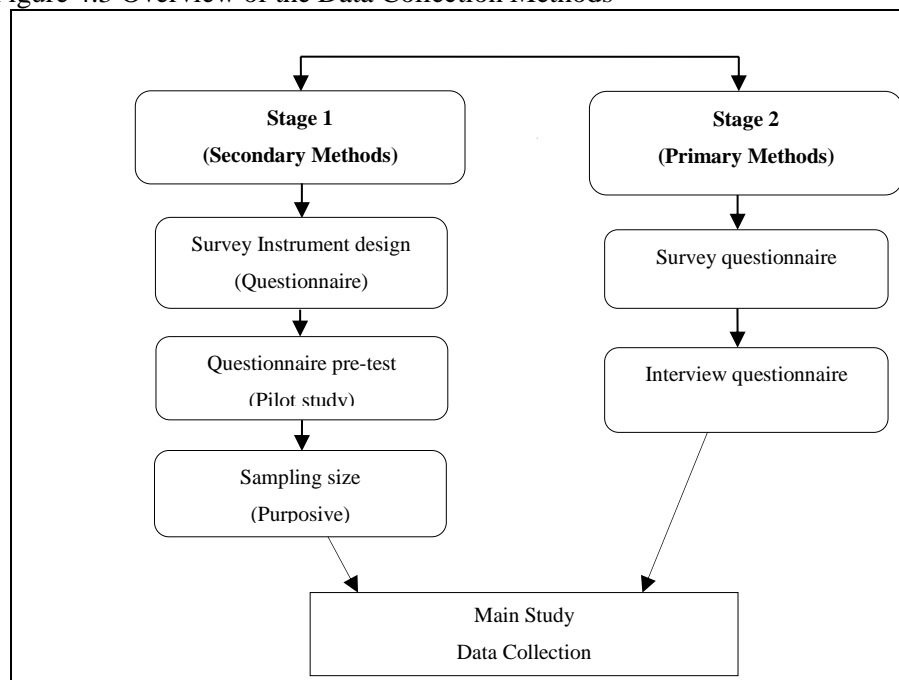
Furthermore, substantial research has been conducted in recent times within the area of performance measurement (Benham 1981; cited in MacDougall 1993) where he claimed performance measurement role was to assist business managers but not to detect to them on how to manage their businesses. Agreeing to Dess and Robinson's (1984) study which stresses that organisation's performance should address two crucial subjects: (a) conceptual framework selection in defining performance measurement and accuracy, (b) available measures that operationalise performance.

Neely *et al.* (2000) also defines performance measures as a set of metrics used to measure the efficiency and effectiveness of an action. On a similar notion, Berman & Wang, (2000) classified performance measurement as a means of accountability to a community whom are often informed of any issues affecting them.

Finally, the importance of performance measurement and matrix are highlighted elsewhere (Keegan *et al.* 2000; Cross & Lynch 1989; Kaplan & Norton 1992). Hence, the chosen population truly represents business management, which can be categorised into small, medium and larger organisations, which can be categorised as SMEs. Given the importance of performance measurement, the purposive sampling was carried out based on these criteria. In addition, (Remenyi *et al.* 2005) states that non-probability sampling is an appropriate assessment and judgement for business researchers and is relevant to exploratory research such as this. Every questionnaire should be pre-tested for evaluation, accuracy and reliability of the responses (Hair *et al.* 2007).

In addition, Hair *et al.* (2007) state that the non-probability sample element intention is not to statistically test the data, but for expert experience, judgements and opinion that used for the main study on the target population.

Figure 4.3 Overview of the Data Collection Methods



4.12 Chosen Instrument

Measurement is a vital issue in business research that should be, accurately done or else the analysis and conclusions will not be accurate (Hair *et al.* 2007). Based on Hair *et al.*'s declaration, the Likert scale was adopted by the researcher due to diverse background of the SMEs with different kinds of performance. The researcher conducted the research with the use of Likert scale; it enables the researcher to provide the respondents with response options

that truly reflects individual's organisational performance and their position on that dimension.

Through the use of Likert scale sets of performance measures for SMEs were adequately chosen as a representation of a variety of issues having the same facet, underlying negative-to-positive dimension reflecting performance issues within the organisations. Individual scores were combined to form the overall scores according to the predefined set of rules because responses were required across different questions. In that case, the analysis simply required how positively or negative each respondent was disposed to that set of performance, in questions that was, assigned to numerical code. Above all, the Likert scale's simple format and ubiquitous approach and ease of understanding attracted the researcher that is commonly, used in survey researches.

4.13 Sampling (Purposive)

Sampling involved the collection of a small sample from subset of population, by using probability or non-probability measures (Robson 2011; Hair *et al.* 2007). The sampling process enables the researcher to provide answers to questions such as,

(1) Which approach is suitable?; (2) Should the sample be large or small and (3) Should a census or sample be used?

Thus questions lead to minimising any possible error that might occur; also this practice would help in determining the sample size.

For the purpose of this research, the researcher uses non-probability sampling by means of *purposive judgement* sampling, above other sampling methods for this study. It involves choosing essentials in the sample for precise use. This process is also known as conveniences sample whereby the researcher's opinion used to select the sample elements to represent the target population but not representatives (Hair *et al.* 2007).

This study adopts purposive sampling, the chosen criteria enables researcher carry out sampling from academics whose expertise in the research domain is unquestionable, business managers, SME operators and through networking involving seminars and workshops. A detailed timetable made scheduling all aspects of data collection including time taken to design questionnaires and interview schedules and development (see table 4.15).

Table 4.14 Advantages and Disadvantages of Sampling

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Source: (Rust 2004)

Table 4.15 An Overview of Data Collection Process

Phase/Stage	Study No	Study	Rationale	Analysis Method	Sample Size	Duration
Phase 1	1	Existing literature	<ul style="list-style-type: none"> * To explore why SMEs are failing after a few years of establishment * To uncover SMEs performance and related issues 	Further review/and data collections	N/A	36 Months
	2	Instrument design	<ul style="list-style-type: none"> * To identify necessary performance concepts * To critique the accuracy of the instrument. * To help focus on the key issues and assemble interrelated construct that are significance. 	Expert opinion/ Preliminary analysis	Target population	2 Months May-June 2012
	3	Pilot Study/Questionnaire pre-test	<ul style="list-style-type: none"> * To help improve the research method * To clarify the feasibility of the study * To evaluate the accuracy and reliability of responses * Assess the wording and eliminate any mistakes 	Content/wording	5	3 Months June– August 2012
	4	Sampling/ Purposive	<ul style="list-style-type: none"> * To seek expert opinion & focus on the key performance issues * To help choose the require/target population within the research domain * To enhance clear judgement on SMEs performance related construct. 	Evaluation	5	3Months July-Sept 2012
	5	Survey Questionnaire	<ul style="list-style-type: none"> * To study and validate the performance related * To help establish the dynamic the sector within the chosen area 	SPSS	114	5 Months Oct-Dec 2012 & Jan-April 2013
Phase 2	6	Interview (Pre-arranged)	<ul style="list-style-type: none"> * To explore the current SME operators PM System research domain * To gain knowledge on the current system if any * To gain knowledge on SME operators motivation for using PM System 	Thematic Analysis	17	Jan- April 2013
	7	Data Collection (Interview & Case studies)	<ul style="list-style-type: none"> * To report the key findings from earlier interview and case studies conducted and compare with the key issues in the literature review 	Case summary	2 Cases	1 Month April 2013

Source: Author

4.13.1 Sampling Frame

Having established the population where the questionnaire was to be distributed, i.e. the SMEs operators within the chosen location, the next stage were to gain access to the target population known as sampling frame. Sapsford and Jupp (1996:27) describe a sample frame as that a target population where the researcher has access to, with a realistic number of participants.

The access drawn from the compiled lists generated from SME directory through Nigeria Chambers of Commerce and Industry (NCCI), Nigerian Association of Small & Medium Enterprises (NASME) and Cooperate Affairs Commission (CAC). The sample frame was, narrowed down to the northern region in meeting the research aims and objectives.

4.13.2 Population and Sampling

The population consisted of the group which the researcher wishes to obtain knowledge from.

Gerrish and Lacey (2006) define the population as the people or respondents from whom the researcher wishes to obtain knowledge. Sampling was first conducted with the subpopulation that was established through purposive sampling strategy, and the feedback was obtained that gave arise to the necessary corrections, the right grammar, spell checks and clear understanding of how the respondents perceived each question; as well as and the duration for its completion.

Secondly, the researcher also established the sample frame through the SME directory for the research location, the size and sampling method. Consequently, in meeting the key objectives of this study, which is to develop a model, which would be first tested and used in educating the failing SMEs, furthermore the research background is to investigate the root cause of these failures. Therefore, the population for this study covers all kinds of businesses operating within this sector (SME) within the chosen location. The purpose of this is to truly, understand the key issues causing the SMEs to go out of business after a few years of formation.

As mentioned in the previous methodology chapter, this study had earlier proposed to first use survey questionnaire in collecting a reasonable amount of data from SMEs operators (respondent) which a purposive sampling was, drawn having these characteristics. Hence, the

questionnaire was, used to assess various performance criteria and issues from the respondent (see section 4.5.2) for this justification.

Moreover, having chosen the location for this study based on the factors as underlined in the reviewed literature, the study was, conducted with the use of non-probability sampling; purposive because of it is convenient and less expensive. The next stage was to determine the sample size (SS).

4.13.3 Sample Size (SS)

In the recent times, researchers are increasingly confronted with difficulties in determining the acceptable sampling size for both quantitative and qualitative research that would have a significant differences or relationships statistically (Schmidt 1996; Schmidt & Hunter 1997), while some utilises non-random samples to prevent any generalisation in a given population (Onwuegbuzie, Jiao & Bostick 2004).

On the other hand, qualitative researchers are faced with the challenges of capturing and events as they occur (Denzin & Lincoln 2005). Since this study is grounded with a qualitative approach, the research purpose is to understand the phenomena opposed to predictions. Selecting the sample size for a true representation to produce a rigorous study is the main objective for this study in compatibility with the design instrument.

Additionally, samples selected for qualitative components must adequately generate data regarding the phenomenon of interest that would increase rich description to enhance descriptive validity (Maxwell 1992), also it enables the researcher to generate sufficient descriptive statistical analysis (Flick1998; Morse 1995; Strauss & Corbin1990).

Furthermore, the decision for the acceptable level of precision rests solely with the researcher, depending whether it is a small or large population (Hair *et al.* 2007). Fabrigar *et al.* (1999) recommended a 4:1 variable factor ratio, whereas Ford *et al.* (1986) recommended sample size ratio, and Hair *et al.* suggested a 100 sample size; depending on the population.

In addition, Borg and Gall (1989) also recommended 100 or more sample sizes subject to the population. Based on these recommendations, therefore a sample size of 114 for the survey questionnaire and 17 for interview were found to be appropriate as a true representation of the

population. See table 6.2 for theories and recommendations on sample sizes, and two case studies were used to explore and broaden the study.

The selection was carried out in a manner to ensure the population under study was truly represented and fell within the confines of SMEs definition (see section 4: 4.2.1 & table 4.1) for the definitions. According to Tashakkori & Teddlie (2003b), applying sampling sizes helps researchers to make a coherent and adequate representation and accuracy with the findings.

Research sampling, has been applied in various studies by researchers in recent times. However, to ensure good representation as of the population under the study, and applying Tashakkori & Teddlie's concept, the researcher first underwent pilot study with small sampling to determine the accuracy of the instrument and its reliability through purposive methods for expert's opinion. Secondly, for ensuring an accurate representation for a reasonable response from the respondents; SMEs characteristics as defined and operating within the geographical area under study were obtained, as was the SMEs operators and the method to eliminate a possible bias easily.

Performance measurement and management are vital to SMEs especially with the recent global economic meltdown, which makes the study unique than ever. Moreover, on that basis, the fact that the researcher currently domiciles in the UK further makes the comparisons more interesting and unique between Nigeria and the UK. However, accessibility to SME operators and data was much better than the researcher had earlier anticipated, and much better than the UK counterpart. Mostly their collaboration, willingness and participation in the study gave rise to the insight on the response rate.

Similarly, as pointed out earlier, performance measures and management are crucial to any organisation to help set targets, assess sets measures and managing its to its optimum, will lead to satisfying the stakeholders and further foster growth for the business.

According to Sharma *et al.* (2005), business competition helps them understand the changing environment and monitor internal capability, which enhances performance. A PM System is a dynamic system that enhances an organisation's decision making through the gathering and processing and analysing information (Neely *et al.* 2002). As a result, collecting data across the

sector was necessary and appropriate for an accurate representation of the outcome from the SMEs operators and managers.

Finally, Bedford et al, (2008) highlights that PM Systems need consistency of data and formal communication to align the business goals. On the other hand, significant numbers of SMEs are family run and classified as having limited resources, as hinted by Yusof and Aspinwall (2000). In view of this, attention was directed to businesses having the characteristics as defined by Central bank of Nigeria and Federal Office of Statistics (see section 3.2: 3.2.1) for data collection in order to uncover the performance issues and factors hindering SMEs progression within the chosen region.

Having completed the questionnaire design, test processes and used in collecting the required data from the respondent as discussed above, the research further highlights some of the benefits of using questionnaire for business research such as this.

Questionnaires are generally, considered to be the most acceptable method of data collection and with numerous advantages (Bowling 2002; Denscombe 2003). These advantages include:

- The process of collecting data is much cheaper to carry out
- No intensive training is required by the administered person
- Larger population could be reach through this process

The researcher took advantage of these benefits, bearing in mind the time and overall response in order to uncover the key research issues. In spite of these advantages, there are also significant disadvantages associated with the process; these include:

1. Response rate might be low.
2. Possible bias due to lack of knowledge on the subject
3. Little contact between participants and the researcher

These disadvantages could adversely affect the response rates (Murphy-Black 2000; Bowling 2002). The researcher took several steps to eliminate those negative effects on the response rates by:

1. Simplifying the questions to increase the response rates
2. Pre-testing through pilot study that shortens questionnaire completion time
3. Increase contact with some of the participants.

4. Involve a third party to canvass on the researcher's behalf.

Lastly, through the initial contact and collaboration from the survey questionnaire, this helped researcher to, effectively conduct interviews being the second phase of this study.

The selection and justification made were, based on the same participant's characteristics as that of the survey questionnaire first conducted.

Table 4.16 Minimum Sample Theories for Qualitative and Quantitative Research

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Source: (Adopted from Collins *et al.* 2009)

4.14 Semi-Structured Interview

Interviewing relates to the structured verbal communication between the researcher and the participants, where audio equipment was used to record information presented to the researcher. Richardson (2000) described interviews as a method of data collection as a way of giving an insight to the study.

Patton (2002) also described interviews as an informal conversation, involving researcher and participants organised to explore a particular phenomenon.

In this study, the researcher used semi-structured interviews to collect information from each of the participant, the selection done through sampling criteria as having the demographic as defined earlier, and pre-arranged for the participant's convenience.

De Vos (2002) states that a researcher should endeavour to establish a cordial atmosphere to ease any tension and for interviewee's freedom of expression; the researcher considered De Vos's suggestion during the interview process. It was on interviewee's request, chosen location and time, which lead to the interviewees expressing their views freely.

4.14.1 Interviewing Process

Benney and Hughes (1979:190) state that only a few researchers actually describe in detail the process of interviewing itself. The conventions of research reporting necessitate researchers to disclose the process and the numbers of interviewees (Benney and Hughes, 1979).

In view of this assertion by Benney and Hughes, the researcher went through the following process with each interview:

- a. An appointment was made with participant at their convenience and time
- b. Conducive place for conversation was favoured, for example, offices, own house and social gathering places were involved
- c. Arranged chairs and table for face-to-face conversation
- d. Prepared audio recorder

Prior to conducting each interview, the researcher:

- a. First thanked the participant for their willingness and time to be part of the study
- b. A copy of the informed consent was given to each participant
- c. Explained why the researcher is embarking on the study

- d. Reminded the participant of their right to withdraw at any time if they feel like doing so
- e. Asked permission to record the interview as recommended (Talbot 1995:477).

Furthermore, the questions were open-ended which provides the interviewees with many opportunities to give an account of their business' internal performance issues and management, and it was probing and encouraging. According to Polit and Hungler (2004:349), open-ended questions enable participants to give accounts of their experience and to further sought participants consent to use their organisation as case study.

4.14.2 Sampling Size (SS)

Having established the sample size as shown in table 4-14, Creswell and Huberman recommended 12-20, and 10-15 respectively as a reasonable sample size. Hence, the sample size for the interview data was determined using that recommendation. The researcher successfully conducted 17 interviews from SMEs practitioners. The same open-ended interview questions were asked to all interviewees, this approach facilitates faster interviews for easy analysis with two case studies.

4.14.3 Case-Design

According to Baxter and Jack (2008) case studies help, researchers lighten complex phenomena within the field of study; guide them to evaluate the issues, develop theory for interventions. Yin (2003) and Stake (1995) further stress the dynamic of case study through constructivism that built upon reality. This reality involved the collaboration between the researcher and participants, which creates an enabling environment for the researcher to report issues as they occurs in the organisation. Case studies enhance knowledge through provision of sight into issues (Silverman 2013).

This study adopts Yin (2003) and Stake (1995) concepts through collaboration with the SMEs owners. The researcher sought and obtained prior consent (collaboration) from the SMEs owners and managers during the interview to use some the organisations as a case study, through examination of business operations, dealings, customer's complaints and overall performance of the business. This approach encourages thorough scrutiny of SMEs performance through reviewing of various areas of businesses and operations. This is in line with Baxter and Jack

(2008) who state that a case study facilitates assessment of phenomenon through variety of sources where data or information could be reveal for corrective measures and appropriate actions.

4.14.4 Case-Study Analysis

Khan and VanWynsberhe (2008) classified case analysis as knowledge mobilisation, through accumulation of knowledge from individual cases. Case analysis help mobilise a researcher's understanding from individual case studies, accumulate knowledge through comparing and contrasting of cases; helps acquire new knowledge through analysis and outline of evidence (Baxter and Jack 2008). For this study, the researcher adopts multiple case studies from the research population to mobilise knowledge through analysis of individual organisations to gain knowledge on various operations and key performance indicators, measures implemented to further strengthen and validate the survey an interview conducted earlier and to broaden knowledge on performance issues within the chosen organisations through cross case analysis. According to Yin (2003:47), multiple case studies can be use in various ways to broaden knowledge such as results' prediction, contraction and theoretical development from individual organisation, see chapter 6 for case study analysis and discussion.

4.15 Statistics Analysis (Descriptive)

Descriptive analysis enables the researcher to describe and summarise data in a way it can easily be comprehended (Burns and Burns 2008). Researchers often use descriptive analysis to compare samples between studies; it also helps to detect sample characteristics that may influences their decisions and conclusions (Thompson 2008).

Burns and Burns (2008) describe descriptive analysis as, how the data was collected organized and presented for ease of interpretation, and the reduction of voluminous data to relatively easily readable format. For example, percentage averages and counts.

In this study, the researcher used descriptive analysis to organised and interprets the data collected as shown in sections/ figure 6.3, 6.4 & 6.5 (interview cases), and more of the data analysis are presented in the next chapter. MS Excel and SPSS version 20 was use in recording,

analysing, interpreting the data in percentage, counts, figures and table in a more meaningful way for ease of understanding of the phenomena.

As outlined in chapter 5, the demographic characteristics have been identified; such characteristics as gender, age group and year business were established, and other characteristics of the sample such as various sets of performance measures, have been described. The significant part of this study is the planning process, structured and data collection approaches to answer the research questions.

Expert opinions were sought before and after data collection and analysis to ensure the best approach and procedure is adhered to in analysing, interpreting and presenting the data. The data are presented in table, diagram and chart formats; the purpose of these formats is to reduce the stress of statistical consultation.

According to Thompson (2008), a researcher should have first-hand knowledge of statistics appropriate for analysis to address the research question, and in consultation with statisticians for clarification of such proposed statistics. Therefore, the researcher applied Thompson's concept through consultation with the Math-Sigma centre for advice on appropriate statistics to be used for this study data analysis.

Finally, based on a total of 114 survey questionnaires received from respondents and 17 semi-structured interview successfully conducted; the researcher concluded that descriptive statistics is best suited to describe the performance issues from the sampled SMEs as it occurred, and to increase the study's scientific integrity.

4.15.1 Rationale for Descriptive Statistics Analysis (DSA)

Statistics can be described as tools to explore research questions and interpret the data. According to Pallant (2000), descriptive statistical analysis enables the researcher to accurately describe the characteristics of the study's sample that addresses a specific research question.

In view of this, therefore, the author's justification for using descriptive statistics is as follows:

- For ease of understanding and interpreting the meaning of the data
- Makes it easy to measure the performance issues on the overall findings
- It helps to categorize and assess the contribution of each variable and enhances decision making based on the trend

- As the data is less voluminous, the description method helps to understand the pattern through summaries.
- Helps to address a particular research question
- Given that the overall data was not in thousands but just a hundred plus, therefore, it would have been impossible to apply any other statistical analysis method but descriptive method.

These reasons help the researcher to draw conclusions on using descriptive statistics, and the researcher holds these justifications highly after the data collection was completed. Similarly, Miles, Huberman and Saldana (2013) state that qualitative analysts interpret what things mean through flows, patterns, and propositions. Conclusions should not appear until the data collection is over.

4.16 Ethics Consideration

Robson (2011) states that there are ethical issues when conducting a research involving human beings in a real world; also, Miles *et al.* (2013) states that researchers cannot emphasise quality of knowledge generated from the research and overlook any possible wrongdoing. Ethical consideration was paramount to the researcher during and after collection of data from the participants.

Ethics can be described as rules of conduct, usually conformity to a set of principles (Israel and Hay 2006). There are several approaches to ethics; these approaches, relate to decision making on the basis of consequences or outcomes research participation (Long and Johnson 2007). Based on these factors, the researcher evaluates the implication of all sensitive information from participants and the effect it could have on the researcher and the study; hence, the following steps were taken to eliminate those challenges.

Firstly, this research had undergone ethical approval and clearance prior to data collection with Coventry University (see appendix 1) for prior ethical approval. Secondly, each participant was duly respected and information collected was treated with strict confidence.

In summary, Robson (2011) argued that the dilemma in social research also includes commitment to participants; as a result, an informed consent form, was handed to all participants

outlining why the researcher is embarking on the study. In addition, in the case of the interview, face-to-face contact afforded an opportunity for more interaction and commentary on ethical guidelines.

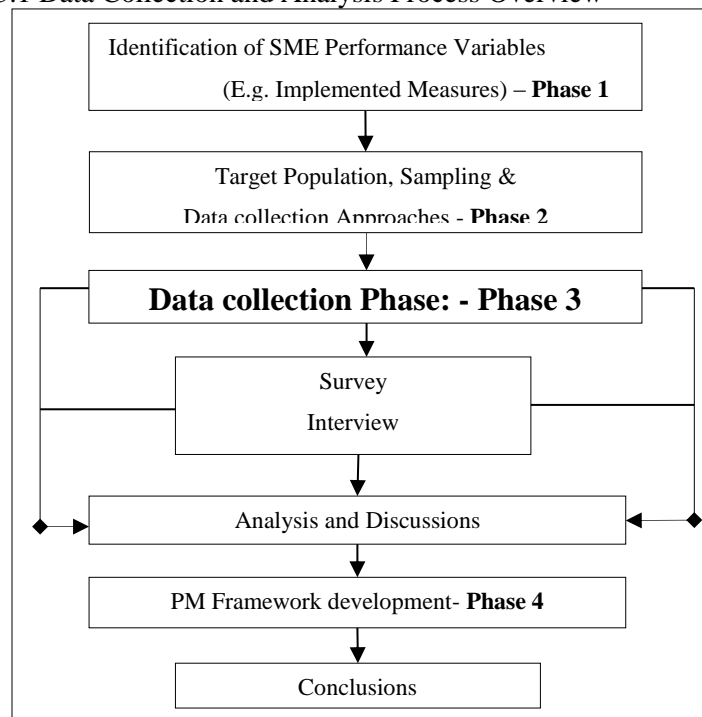
Chapter 5 – Data Collection and Analysis

5.1 Introduction

Having outlined the philosophical paradigm proposed for this study in the preceding chapter, this chapter's objective is to describe procedures used in collecting data and analysis for this research. Collis and Hussey (2009) classify data as a recognised facts or things used as information; they also define information as a body of knowledge produced by arranging data into a meaningful form. Previous authors and researchers in various study domains have drawn this distinction between data and information. Such distinctions depend on how they are used (Collis & Hussey 2009).

The rationale for the study is to explore SMEs PM Systems and performance management in northern Nigeria on the reviewed literature. Therefore the study embarked on data collection with the use of questionnaires involving different phases, as shown in figure 5.1 below.

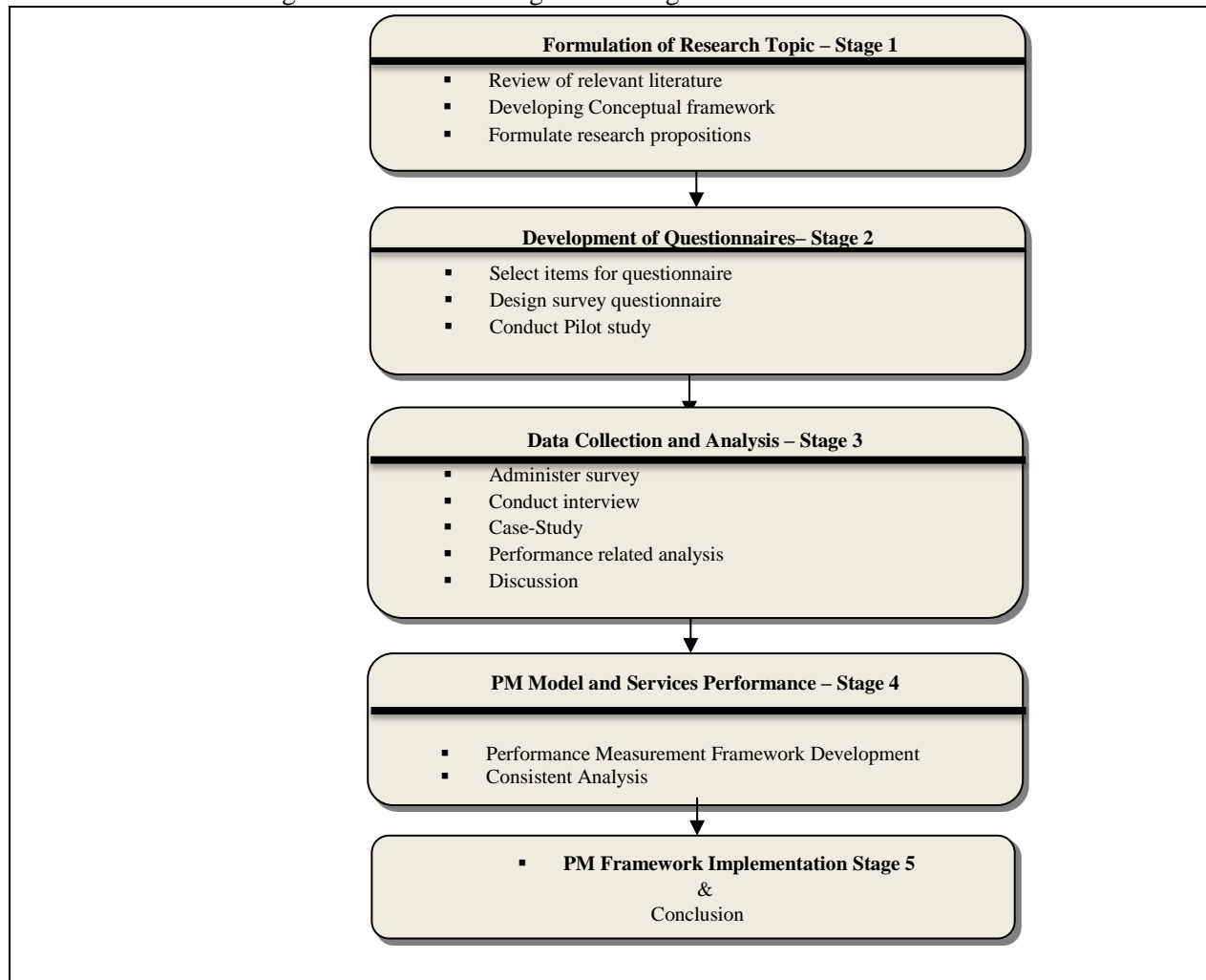
Figure 5.1 Data Collection and Analysis Process Overview



For detail outline see figure 5.2 research progression stages overview below.

As this study contributes to knowledge, the questionnaires was designed to collect primary data through surveys; the interviews help shed more light on SME's performance measurement systems used that will lead to understanding why some SMEs fail, and other performance issues such as management, resources, planning and implemented measures as hinted in the literature within the chosen location of study (see figure 5.2) research process overview.

Figure 5.2 Research Progression Stages Overview



As shown in chapter 4, data can be in quantitative “numerical form” or qualitative “non-numerical form” that can be either text or images classified by source (Collis & Hussey 2009). Also, the reviewed literature in chapter two was produced through the analysis of secondary data

sources; therefore, for this main study primary data is generated through the collection of information from the respondents - “original source”, figure 6.1 further highlights this process.

5.2 Applied Sampling Technique

Information or data is vital for business research regardless of the study, either qualitative or quantitative in nature. According to (Hair *et al.* 2007) there are several ways in which a researcher can obtain data, but mostly it is ideal to gather data from the population under investigation; based on Hair *et al.*'s views, therefore, the sample population is drawn through non-probability procedures.

For the purpose of this study, non-probability or convenience sampling technique was used which is usual with cases of qualitative research, such as this (Castillo 2009: Hair *et al.* 2007). Based on Castillo's (2009) claims, this technique is appropriate when undertaking a pilot study, case studies and qualitative research are involved and to advance on theory.

Therefore, types of non-probability sampling according to (Castillo 2009) are:

Convenience non-probability sampling → is a commonly used technique with convenience, sample are selected due to accessibility, simplistic, cost effectiveness, and it is less time consuming.

Consecutive non-probability sampling → seeks to include all accessible subjects as part of the sample. It is deemed the best among other non-probability sampling due to its inclusions of all subject for better and equal representation of the chosen population.

Quota non-probability sampling → this technique involves the researcher ensuring equal or proportionate representation as basis of the quota, i.e. in a college year where equal representation is needed with a sample size of 100 students, it must be equally represented right from the year one with the same number.

Judgmental non-probability sampling → is also known as purposive sampling commonly used in a small population with a specific purpose believing that the subjects are fit for the research to compare to others. It is why they are purposely chosen subjects.

Snowball non-probability sampling → this technique involves a smaller population where the researcher can identify another potential subject that meets the criteria of the research.

Furthermore, as earlier mentioned the non-probability technique aims at qualitative research or exploration, and when random samples are not the case; earlier in this chapter five, this study adopts non-probability sampling technique because samples were not randomly selected, they were chosen by the researcher due to availability and access granted by the organisations.

In summary, as previously mentioned, a judgemental (purposive) technique was used to test the wording, accuracy and reliability of the survey instrument in order to achieve the research aims, objectives and answer the questions of the SME's performance measures within the chosen study.

The size of the population determines the outcome of the collected samples; over the years, researchers have conducted all kinds of research in various domains where population is drawn from, known as a sampling frame (Collis & Hussey 2009).

They further described it as unbiased subset which represents the population, and the population is the body of respondents or collected items under consideration for statistical reasons.

Similarly, Hair *et al.* (2007) advocate up to 500 respondents for larger samples, and to bear in mind other factors such as changeability of all the elements within the target population like, time, sample type and budget.

Hair *et al.* (2007) further recommended at least 30 respondents for small samples, however, this study has already applied the interpretivism paradigm, which involves the inductive approach (Saunders *et al.* 2003: Collis & Hussey 2009). See section 4.4.3, for discussions on research paradigms. Small samples are required from the target population; seven were pre-tested during the pilot study with experts on the field of management and business operators.

5.2.1 Justification for data collection Approach

The preceding sections outlined the data collection processes and the research progression. This section subsequently discussed each phases of data and collection analysis and the approaches such as survey, interview and case studies used in this researchhaving pre-tested the questionnaire items collected as discussed for accuracy, reliability, wordings, consistency and meeting the research aims and objectives. In order to meet the research aims and objectives and based on the conceptual framework propositions and to explore the causes of SMEs failures in the chosen location,the chosen population was derived from the Nigerian Chambers of Commerce and Industry, and Corporate Affairs Commission, their collaboration helped to facilitate the process in generating sample frames through their website and compilation of business locations based on the set-up capital, this process to helped validate the SMEs ownership and business activities operating in the Northern Nigeria including Abuja.

These two corporate offices are responsible for keeping information on SMEs establishment, registered address and business operations in the northern region including Abuja.

Furthermore, the start-up capital, employee numbers and definition fall within the classification of Central bank of Nigeria as outlined in figure 3.1. Therefore, based on this classification by the Central Bank of Nigeria, led to choosing the right participants that falls within the category of an SME; example, the size of the organisation, employee number and capital formation, therefore, this approach lead researcher to trust strongly that the information collected from the SMEs to be authentic and reliable, also because it is from the right sources like owner SMEs and representatives that oversee the business that acted on their behalf, secondly, the author had first-hand knowledge through interviews conducted and believed the same to be also true, due to face-to-face interaction that took place during and after data collection. A total of 220 questionnaires were administered to explore the SMEs performance related issues and 114 were correctly completed from the participants in line with Hair *et al.* (2007).

5.2.2 Validity

According to Winter (2000) the term validity is widely cited in qualitative studies and in spite of these wide citations, there is no single, universal or fixed concept in relation to validity, but

rather as a contingent construct grounded in research methodologies (Winter 2000). Validity is described to the extent which a construct measures what it is supposed to measure, and should contain no error (Hair *et al.* 2007).

Moreover, Hair *et al.* (2007) also state that validity of data can further be assessed with;

(1) *Content or Face Validity*; relates to systematic methods of establishing and the ability of the scale to measure what it is supposed to, this means obtaining a small sample from typical respondents or experts to adequately conclude on the suitability of items chosen to represent the construct. This approach was earlier applied to testing the questionnaire instrument used in data collection through the pilot study.

(2) *Construct Validity*; highlights what the concept the scale is measuring, the researcher must first understand the theoretical framework and the underlying concept behind the measurements obtained. The theory used enables researcher to illustrate how the scale was used, result and interpretation of data obtained, this approach have already been established in this study, for example Sarantakos (1998) states that before a construct can claim its validity it must be theoretical valid. Therefore, in a prior chapter, the research looked at various PM frameworks, theories and their evolution over the years. The research also reviewed various literature on SMEs' performance measures issues that lead to developing a conceptual framework with propositions. Hence, the construct claimed its validity in research through this approach.

5.3 Data Collection Phase 3 - Survey Questionnaire

As this study rests on advancing theory, and to construct a performance framework for the SMEs sector, the following vital research questions were investigated:

- The dynamic of the systems used in measuring the business performance?
- What is being measured, how it is measured and against what?
- How successful are the current systems in achieving the organisational strategic objectives?

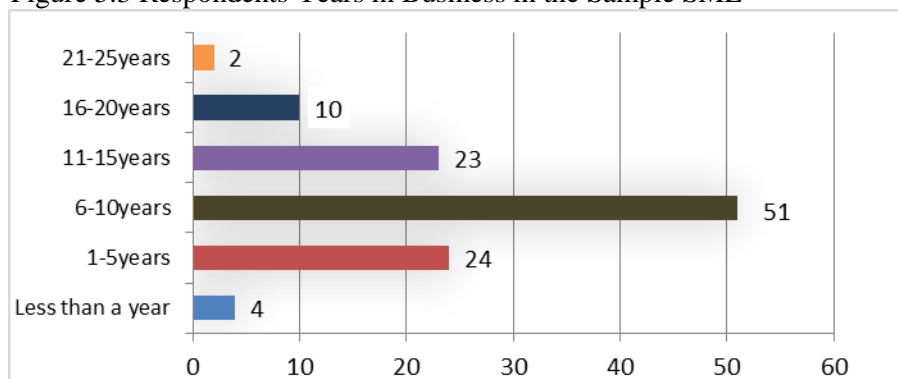
To tackle these vital research questions, several SMEs performance measures and criteria were examined, such as the PM System currently used, tools or model used to measure performance, motivation for such system, hindrances if any, performance rating. For full lists of questionnaires see appendix 2.

However, SME's capital base and employees were key factors in determining SMEs' sizes as illustrated in chapter 4, section 4.2.1. The lists of small business was obtained operating in that region, compiled through the Chambers of Commerce and Nigeria Association of Small & Medium Enterprises.

As discussed in chapter 4 section 4.11.1 and illustrated on table 4.13, a pilot study was first conducted with SMEs operators within the UK Midlands to determine the strength and weaknesses, wording, question format and order. The pre-test was self-administered through prearranged meeting with the SMEs owners and managers which business operations are similar with the SMEs in the research location in Nigeria. Based on this pre-test in the Midlands, UK, led to a total of 220 questionnaires were send to the participants in the chosen location to manifest the phenomenon deeply; and of which 114 were correctly completed and recorded to represents the total number of returned questionnaires from the respondents. The author presents this number to be sufficient data for this study; Hair *et al.* (2007) recommended 100 small samples from the target population, whereas this research exceeded that number from the target as a true representation of phenomenon from the samples. It is also in line with Maxwell (1992), who declared that any generated data must truly represent the phenomenon of interest to increase rich description and to enhance descriptive validity, this approach was achieved through prior instrument developed and tested to adequately generated data from the target population see table 4.13 and section 4.12.

Figure 5.3 further indicates the overall respondent's years in business from the sampled SMEs.

Figure 5.3 Respondents Years in Business in the Sample SME



Furthermore, through the conducted interviews, the researcher further sought consent from some SMEs operators for access into inspecting the company documents as case studies outlined in research objectives in section 1.4 also see section 4.12.1 for prior consent on the case organisation; the chosen organisations are within the capital base as classified in chapter 3 section 3.2.1.

5.3.1 Data Collection Phase 3 - Interview Analysis

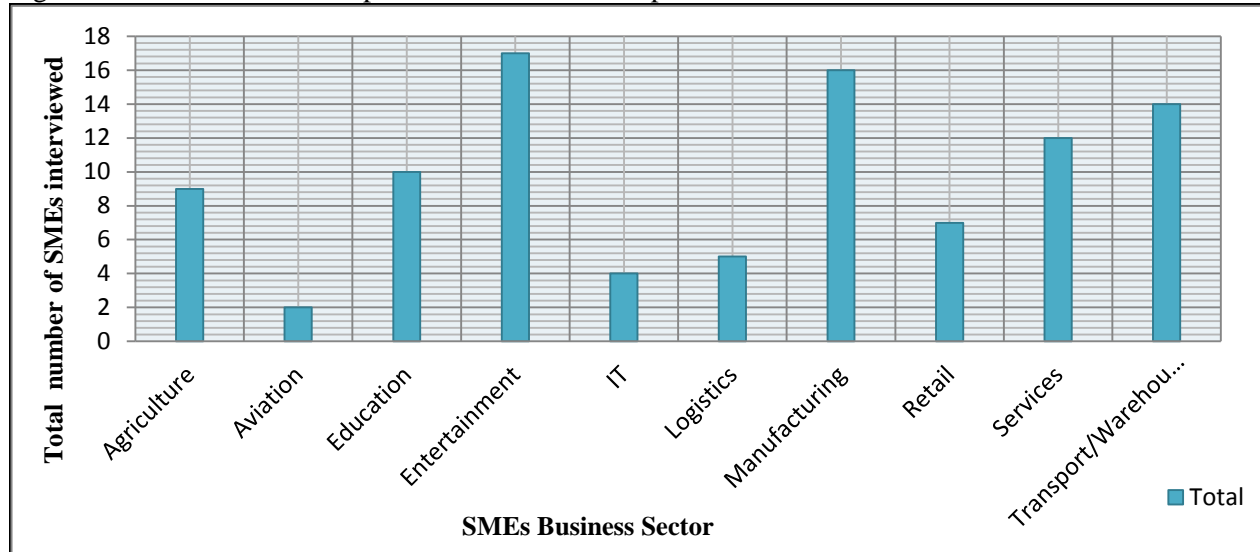
As highlighted in section 4.12.1 on interview process, a semi-structured questionnaire was used for data collection that helps in lifting the restriction of just Yes or No questions where 17 interviews was conducted from the SMEs operators. This further enhances respondent's confidentiality and openness to expressing their views freely, and further broadens the data collected.

In this study, research convention was also adhered to by outlining the necessary process of conducting interviews (Benney and Hughes 1979), for full lists of research convention, see chapter 4, secondly, interviews took place after the researcher spoke directly to the respondents or group (Hair *et al.* 2007). Interview methodology enhances research enrichment, and has proven useful as different views and opinions were sought from participants with open-ended questions (Oppenheim 1992).

To ensure both internal and external reliability; internal reliability is about the consistency of result in a place and data credibility in that same place. While the external reliability relates to the consistency and data attributed across the sites (Phelan and Wren 2005; Neuman 1994). Therefore, to increase reliability, as discussed above and in chapter 4, the research first embarked on a pilot study to pre-test the research questionnaire instrument, like the wording and accuracy which led to the questionnaire framing structure in order to reduce uncertainty, leading, minimise bias and increase statistical value. It further increases data credibility and consistency through face-to-face contact which the interview was conducted with the use of audio equipment to record information during interviews from participants, for which prior consent were sought and approved as highlighted section 4.12.1. The sample population was chosen based on SMEs profile as indicated in chapter 3, section 3.2.1 and table 3.1. Figure 5.4 highlights the business sector for interview conducted.

The key advantages of interview: it enables the researcher to collect sensitive information; helps the researcher to gather complex data/information, and it creates room for a relaxed atmosphere (Hair *et al.* 2007).

Figure 5.4 Business Sector Representations in the Sample SMEs



The interviewees were selected through the target population from an earlier survey conducted through a qualitative approach with an open-ended question construct. The questionnaire developed outlined the strategic themes studied which comprises of two (2) sections of eight (8) sets of questions that underpinned SME performance measures and management in the questionnaire (see table 5.1), relevant discussions afterwards, and appendix 4 for other relevant results and analysis.

Table 5.1 Strategic Themes Studied During the Interview

Subject/Determinants	Key Focused Areas and Issues
Section A: General information	* Gender; position/role; business sector; line of business/operation, Employee number and organisation size
<u>Section B, Set of Performance Management:</u> Evaluation (PM)	* Financial/non-financial performance and business effectiveness
Control (KPI)	* Organisation internal operations and success
Budget (Effectiveness or Success)	* Relevant programmes & its success
Motivate (Application of Various Approaches)	* Organisational success – with application of various approaches to motivate various stakeholders to improve performance
Promote (Strategic Measures)	* Through the alignment of necessary programmes to ensure the organisation and stakeholders that the business is in the right direction
Celebrate (Good Programmes)	* Better results due to management relevant and management success
Learn (Reflection on Applications)	* Reflecting on what went right and what went wrong
Improve (Setting/Selection of Best Options)	* Reflecting on overall performance both financial and non- Financial management approach towards performance effectiveness

The conducted interview was guided with these strategic areas as shown in table 5.1 that strengthens the success or failure of organisation performance; this strategic guideline also enhances the assessment of overall performance across the whole organisation.

As earlier mentioned, the interview was structured in to two sections to cater for various performance measures. For full interview questions and structure, see appendix 3.

The first section covers SME operator's background and general information relating to the organisation, the position of interviewee and business sector. The second section has nine questions based on the earlier developed conceptual framework to address SME internal performance, hence the following questions were asked:

- How would you describe your organisation's current performance compared to 12 months ago?
- How does your organisation measure performance?
- What sort of performance measurement system do you currently have in place if any?
- How does your organisation measure performance of your employee's e.g. performance reviews and how effective is this?
- Where would you consider allocating more resources to improve performance within your organisation, and why?
- In what ways do you think you motivate your workforce?
- What business value does your organisation promote among customers, workforce and shareholders?
- Looking back over the last 3 years in terms of growth, is there anything you would have done differently?
- Would this be to improve specific or general performance?

This questions were designed to investigate SME's performance measures employed, management, resources allocation, and what influences such decisions in each case organisation, the determinant factor for resources allocation and how employees performance are measured. According to Onwuegbuzie *et al.* (2004) and Sandelowski (1995), misconceptions exist among researchers regarding sampling size in qualitative research. Sandelowski further state that the

numbers are unimportant as the guidelines for selecting the sample depends on the research design, see table 4.13 for full a list of samples and research types and characteristics.

Therefore, this research used seventeen (17) organisations as a sample size to explore deeply into various performance measures issues faced by SMEs. The interviewed organisations were randomly selected from the target population where the initial survey was carried out which involved small, medium and large organisations, see figure 5.5 for organisation size.

5.3.2 Case Study – Phase 3 Preliminary Analysis

A case study is an empirical enquiry that investigates a contemporary phenomenon in real life context (Yin 1993). Case studies contribute to our vital knowledge and have distinct features such as establishing valid and reliable evidence that can be analysed from phenomenon perspectives (Remenyi *et al.* 2005). Yin (1994) also declared that a research case study must have five distinct components such as the study question (s), its propositions, its unit(s) of analysis, a determination of how the data is linked to the propositions and criteria to interpret the findings.

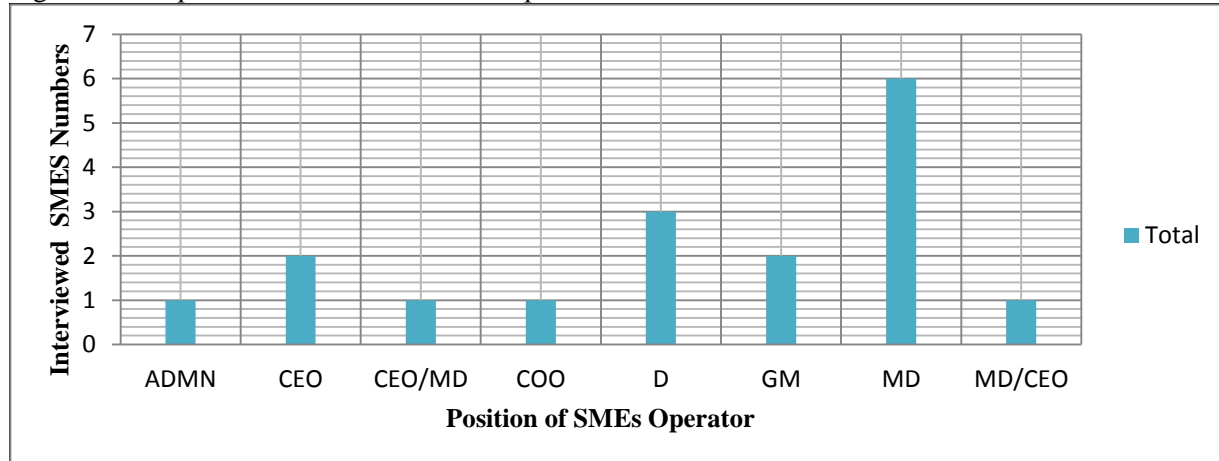
Case studies help steer researchers to produce an account of the situation under studied, and to present the findings on its own right, therefore adding more meaning to the body of knowledge (Remenyi *et al.* 2005).

As highlighted in section 1.7, this study was designed to include case studies at its second phase of data collection in addition to interviews to help tackle the related questions as indicated in section 4.12.3, 4.12.4 and 5.3.2 drawn from the same population.

Yin (2005) also suggested six sources where evidence could be collected in *case studies*, this includes, interviews, documentation, direct observation, participant observation, archival records and participant observation. Therefore, this study collected data through the use of interviews, records and company documents from the SME Chief Executives Officers (CEO), Managing Directors (MD), Directors (D), Administrator (ADMN), Chief Operating Officers (COO) and General Managers (GM) (*see figure 5.6*) for the interviewed SMEs positions/roles and total number which make of seventeen (17) organisations interviewed.

The second phase of data collection was carried-out after the survey. The researcher compiled the data for subsequent analysis in strict confident as stipulated in the research ethics, for prior ethics approval (see appendix 1)

Figure 5.5 Proprietor's Positions in the Sample SMEs



Case studies enhance knowledge significantly and rise from the need to understand and explain complex phenomena (Remenyi *et al.* 2005). The use of case studies in research has been around for sometime now (Hamel 1993). The objectives of using multiple cases such as this, is to broaden the scope in obtaining evidence on how SMEs formulate and implement PMS, and what is measured; and criteria for such measures.

Yin (2009) favoured the used of multiple cases against a single case, as it encourages a significant boost to knowledge and understanding of phenomena under study.

Through the conducted interviews, two organisations were selected for this exercise as consent was sought prior and after the interview; that lead to gaining insight into what it is measured against what and why. Hence, Chief Executives Director (CEO) and Managing Director (MD), whom were the sole owners of the case organisations, granted access to trade documents.

Several documents were reviewed that gave insight into the key issues faced by these organisations. Some management employees were also spoken to which helped to shed more light into the performance management issues that further broadened the researcher's knowledge into the business. Knowledge was also broadening into Key Performance Indicators, determinant factors, customer's complaints and how they were dealt with, satisfaction rate and testimonials.

As mentioned earlier, prior to interviews, the author had discussions with those organisations chosen as case studies, for the purpose of seeking prior approval into reviewing relevant organisation documents in line with Yin's (2005) suggestion of using documents as one of the sources of data collection. Several documents relating to performance were gathered and studied, such as criteria used in measuring criteria, policies and working procedure. Relevant data was, also collected from some key employees apart from the two Managing Directors, who are the owners of the case organisations under study who had given their approval for employee's co-operation and openness. For employee's number and gender, see figure 5.7 and 5.8 respectively.

Finally, as indicated in figure 5.1, data collection was placed in stages starting with survey questionnaire as stage one progressing to stage 2. Phase 1 & 2 involved "*Interview and Case Studies*" at the second stage of the data collection. Two key objectives achieved are; (i) meeting the research objectives and (ii) answering the research questions that led to understanding the PM Systems currently in place, the success factors that influence SME's performance such as the key determinants. Also, the main requirements and likely barriers for PM System implementation were reviewed.

5.4 Data Analysis/Response - Survey

The study generated its research questions from the reviewed literature that went through rigorous testing to ascertain accuracy, right wordings, the use of pilot study and sampling with small population to help reduce and eliminate any possible errors.

220 respondent questionnaires was distributed among the target population, resulting in 114 returns from SME managers of all business sectors selected, as shown on table 4.12.

These returns represent 52 per cent of the population as the response rate, and seen as good response attributed to several factors:

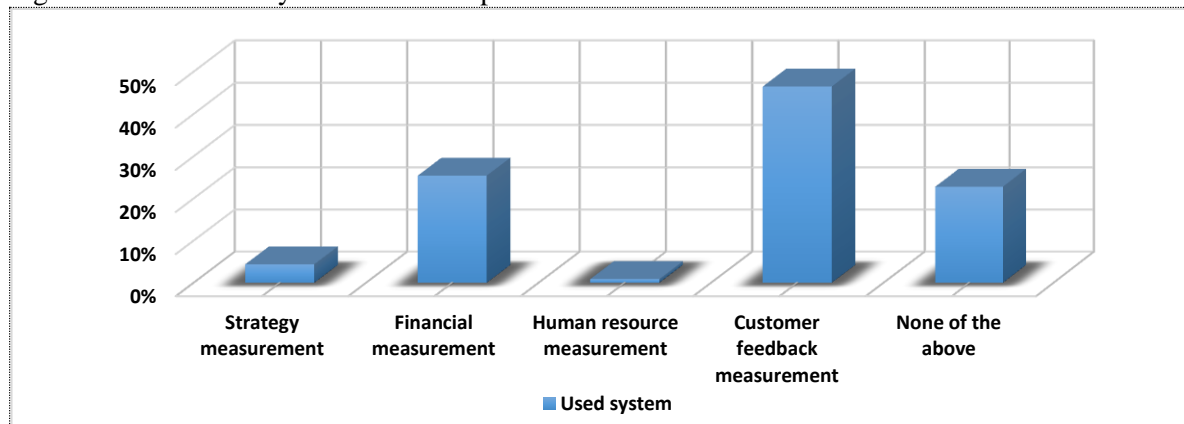
- (1) Many of the sampled SME have PM System and were knowledgeable and happy to participate.
- (2) Many of the sampled organisation employees that took the questionnaires have the authority to give out the required information relating to the organisation.
- (3) Some declined participation believing it is for academic purposes and of no benefit to them.

(4) Some of the SMEs owners could not be reached due to their busy schedules; however, managed to complete questionnaires and left them for collection; for detail on the number of responses and breakdown, see figure 5.3.

The following analyses are outlined based on how the questionnaires were systematically structured to unveil each element of performance measures used by SMEs in measuring business performance. Each figure relates to a performance element indicating what is used and what is not with percentage representation for clearer understanding of the participant's views on each measure.

Therefore, **figure 5.6** reveals systems currently used by the sample SMEs generated through questionnaire construct during phase-one of the data collection. The percentage (%) side is linked with the bottom side, showing the overall systems currently in used as evident of PM Systems implemented by the SMEs to measure their business performance in that region.

Figure 5.6 Used PM System in the Sampled SME



Response analysis from figure 5.6 indicates the overall response on the PM System employed by the SMEs. It gives a clear picture of percentage representation of the used system to measure performance. Over 46 per cent of the SMEs used customer feedback, over 25 per cent relied on financial measures and just a little over 4 per cent used strategic performance measures and nearly 23 per cent used none of these systems to measure business performance and 0 percent used human resources as a performance measure, the responses on system used are based on a total of 114 respondents. However, the use of feedback systems and financial measures is not

surprising in the Nigerian perspective where an SME prefers to have a direct contact and interaction with their customers and also relies on sales figures and bank balances. This is consistent with earlier literature on SMEs' performance, also indicates reasons for SMEs failures as many of the SMEs have no strategic system in place. Kaplan and Norton (1992) stress the need for businesses to have a balance of measures in order to achieve strategic alignment and organisation's objectives. Also, McGee *et al.* (1995) argue that the use of multiple measures is important in an organisation and should be updated regularly to suit the rapidly changing environment; meeting the stakeholder's requirements, expectations and target settings (Woo and Cooper 1994; Merz and Sauber 1995).

Figure 5.7 PM Model Currently Used from the Sample SMEs

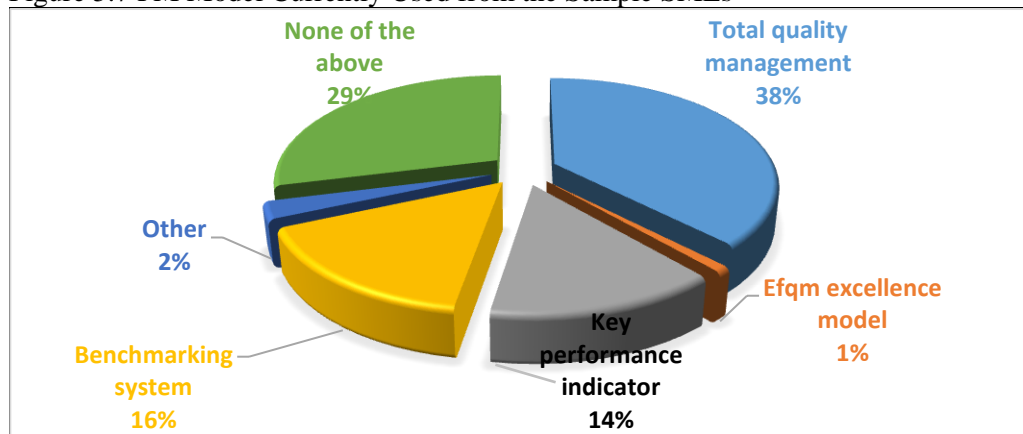
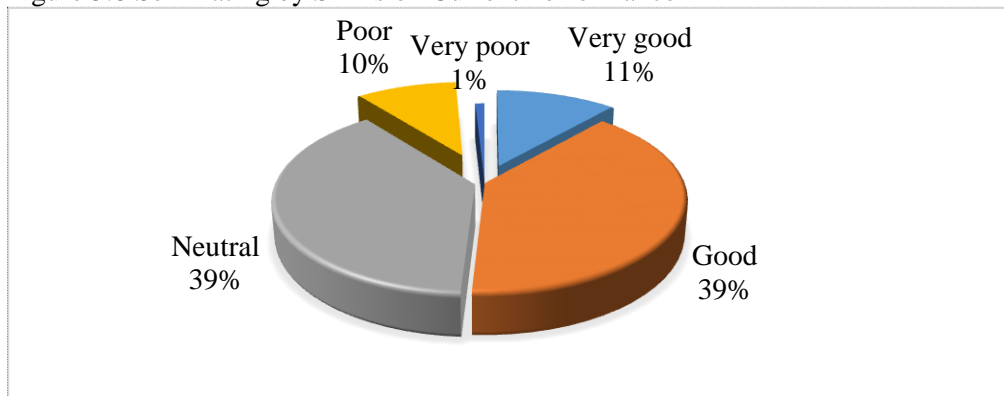


Figure 5.7 shows the percentage response from the SMEs, indicating that 29 percent of the SMEs do not have or use any kind of model in the organisation, 38 per cent relied on quality management and 16 per cent benchmark their products or services.

However, lack of consistency in managing and maintaining specific systems and models to yield intended results is a factor in SME failures, as shown in figures 5.8, 5.9 5.10 and 7.7 Secondly, financial and feedback systems tend to be the only frequently used system by the SMEs to measure their performance, ignoring the benefits of other models and systems.

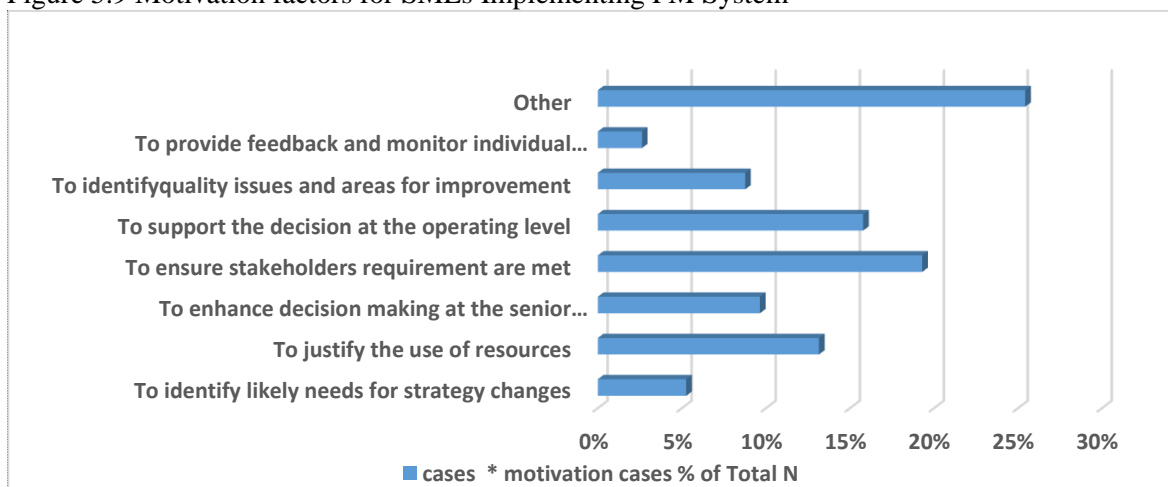
Figure 5.8 Self-Rating by SMEs on Current Performance



Business rating is significant for the SME owners and managers, as it helps decision-making, and has a direct fund to where it is needed most; to know if the business is in the right direction because of appropriate strategy being put in place.

The result and analysis of data generated from this line of questions developed through the Likert scale instrument, and the results help to determine how the SMEs rate their currently used system (see section 4.9.1 & 4.9.2). Figure 5.8 above shows how SME's overall views represented. This figure indicates how nearly 40 per cent of SMEs responded on self-rating of their businesses performance, and nearly the same amount remains neutral. 11 per cent of the sampled SMEs find their system used very good; 10 per cent poor and 1 per cent very poor respectively.

Figure 5.9 Motivation factors for SMEs Implementing PM System



In the case of motivation factors for implementing PM Systems in figure 5.9, from bottom to top, gives a clear indication of how the SMEs responded to motivation factors for the implementation factor and significance for SMEs achieving their business aspirations.

The highest which is over 19 per cent of total respondents' motivation for implementation is to meet the stakeholders' requirements, over 15 per cent is to support the decision at the operating level, 13 per cent motivation is to justify the use of resources, nearly 10 per cent is to enhance decision-making at the senior level, about 8.8 per cent motivation is to help identify issues and areas for improvement and 2 per cent to help to monitor individual performance and over 25 per cent of the respondents use other methods preferred to them, and could perhaps have no knowledge of the PM System at all.

Above all, the results here help to determine why the SMEs implement the system and motivation for its implementation as shown in figure 5.10 with percentage representation for ease of understanding. Sink and Tuttle (1989) assert that organisations can't accomplish what they cannot measure from management perspectives, because performance measurement offers necessary information of management through feedback use for decision-making. Also, Waggoner *et al.* (1999) state that performance measures play significant roles in monitoring performance that enhances communication, motivation and help to diagnose organisational issues, which are valid reasons and motivation for implementing PM System.

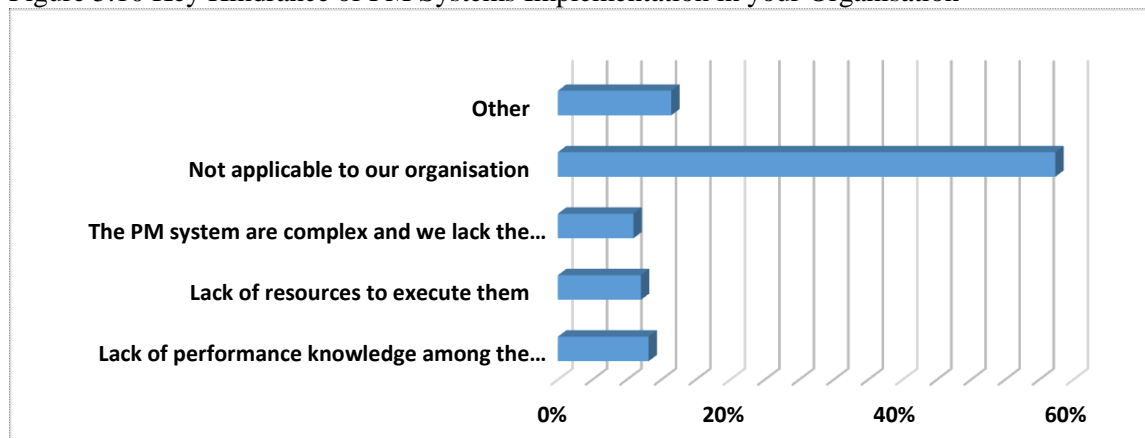
Also, figure 5.10 further highlights the key hindrance factors as to why some SMEs implement PM Systems and why some do not; as Waggoner *et al.* (1999) support the use of a PM System due to its benefits which often lead to growth for the business, economy and the sector as discussed in chapter 3 section 3.5 – 3.7. However, there are other factors that hindered the SMEs from implementing PM System as shown in figure 5.11.

The response here is important as it increases knowledge, on some of the hindering factors affecting SMEs in that region; and why some are performing, some are not and some closing down after a few years of formation as highlighted in the literature. Nearly 60 per cent of the sample population suggests that PM System is not applicable to their business which is a worrying factor, but significantly illustrates one among other reasons for failing SMEs after a

few years of formation, this can also illustrate lack of knowledge for it usage or perhaps finances to pursue system implementation. Also, lack of strategic vision of PM and SME owners having difficulties in evaluating the importance measures and true drivers can cause SME failure (Kaplan and Norton 1996; Schneiderman 1999).

Looking at these from Nigerian perspectives, several factors can lead to this high percentage of PM System not being applicable them. Stokes and Blackburn (2002) state that several factors exist that can lead to SMEs' failure such as lack of managerial skills, financial and team management can be contributory factors. Over 10 per cent accounted for lack of performance knowledge among the employees, about 10 per cent lacks resources for PM System execution, 8 per cent lacks the knowledge for PM System implementation and over 13 per cent gave other reasons for this hindrance of PM System implementation, these findings are consistent with the literature.

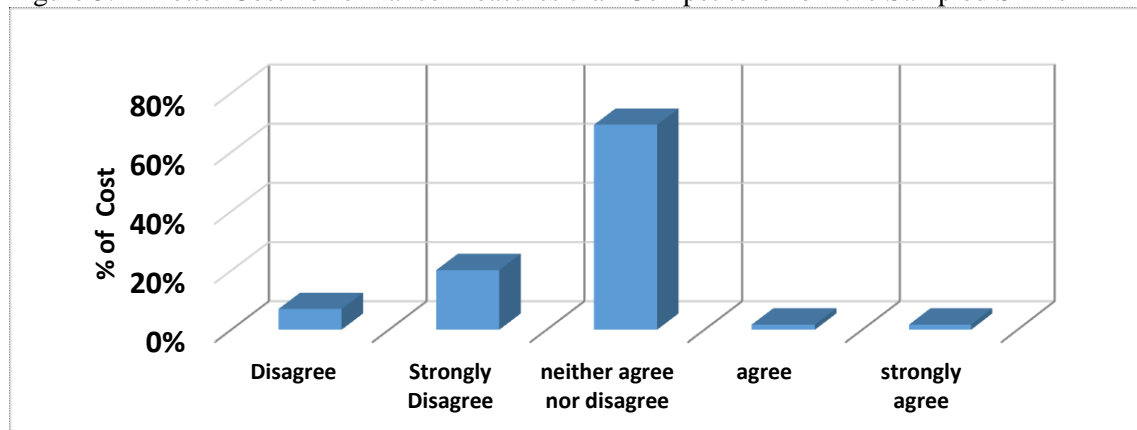
Figure 5.10 Key Hindrance of PM Systems Implementation in your Organisation



Furthermore, figure 5.9 above illustrates cost measures implemented in the sampled SMEs represented by percentage of SMEs views on cost management within their organisation. As shown, nearly 70 per cent of the respondent neither agree nor disagree with cost measures, 20 per cent strongly disagree with the use cost measures, over 1 per cent agree and 1 per cent respectively strongly agree with the use of cost measures in their organisation. The responses demonstrate lack of commitment by the SMEs in reducing cost to boost profitability; this is consistent with the literature and further indicates why the SMEs are failing after a few years of formation. According to Rubach and McGee (1998) organisations must strive to attain and

exceed average on cost measures to maintain cost leadership. The organisations that focus on cost leadership strategy do not necessarily have to have lower prices than their competitors, however they can attain profits by selling the same goods as their competitors and earning a bigger margin per unit or by challenging rivals pricing for a lower margin on a larger volume (Rubach & McGee 1998; Reid *et al.* 1993). Porter (1985) declares that it is essential for business managers to fully understand the key cost drivers to help determine the business position.

Figure 5.11 Better Cost Performance Measures than Competitors from the Sampled SMEs

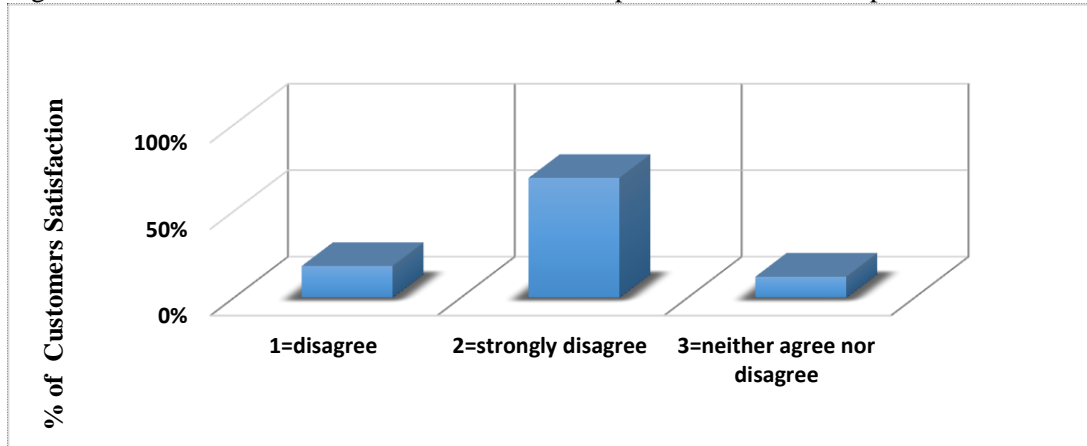


Figures 5.11 – 5.13 indicates other contributing factors to the SMEs' failure in the sampled organisations with percentage representation of SMEs responses in areas shown in the figures. In figure 5.10 above 69 per cent of the sample SMEs strongly disagree with customers satisfaction measures in their organisation, 18 per cent disagree and 12 per cent neither agree or disagree with the use of customers satisfaction measures, this finding is also consistent with the literature because according to Spitzer (2009) selecting the right measures like speed of delivery, price, and products availability in the organisation is the key to performance measurement, that is to say what gets measures get managed and what gets managed gets done; this principle applies to business that is by examining activity changes by forcing managers to pay attention to it, through application of a set of measurement will help to identify areas that require improvement.

There are several things like cost, quality and customer's satisfaction that can be measured in an organisation and lacks of focus can be dangerous for the organisation (Spitzer 2009). In view of Spritzers' assertion; figure 5.10 – 5.13 represents SMEs key success factors and if not managed

correctly could be dangerous for the organisation, such as cost, customer and employee's satisfaction and customer services.

Figure 5.12 Better Customer Satisfaction than competitors from the Sampled SMEs



In figure 5.12, over 69 per cent of the sampled SMEs admit to not having better customer satisfactions than their competitor and little over 18 per cent agree to have better customer's satisfaction in their organisations than competitors, yet again not surprising, according to Beard (2014) customer satisfaction measurement is the best indicator for business performance and help to determine how likely a customer will purchase or patronise the business in the future, this response is clearly in line with the literature which indicates vital reasons as to why some SMEs don't survive long enough after a few years of establishment.

Figure 5.13 Measure Employee Satisfaction better than Competitors from the Sampled SMEs

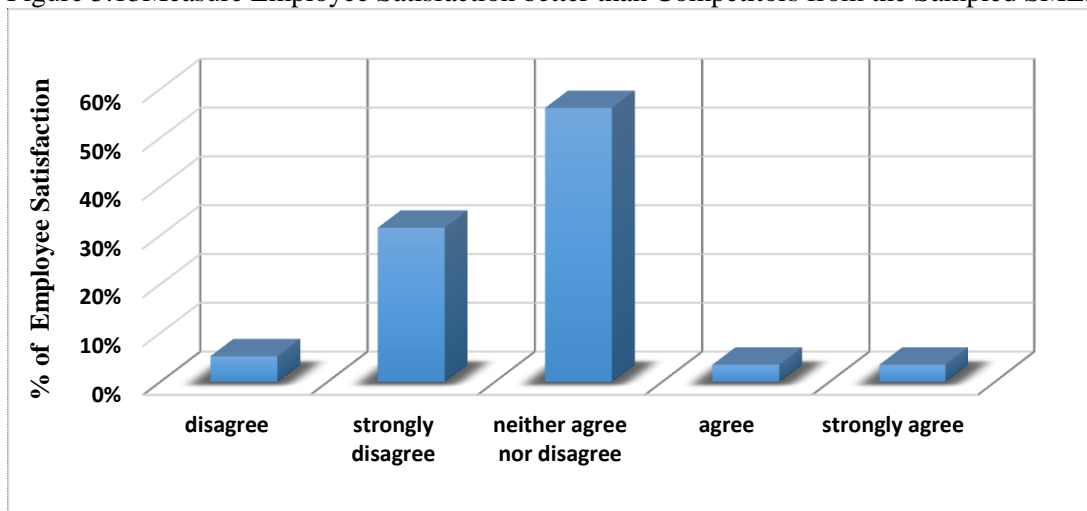
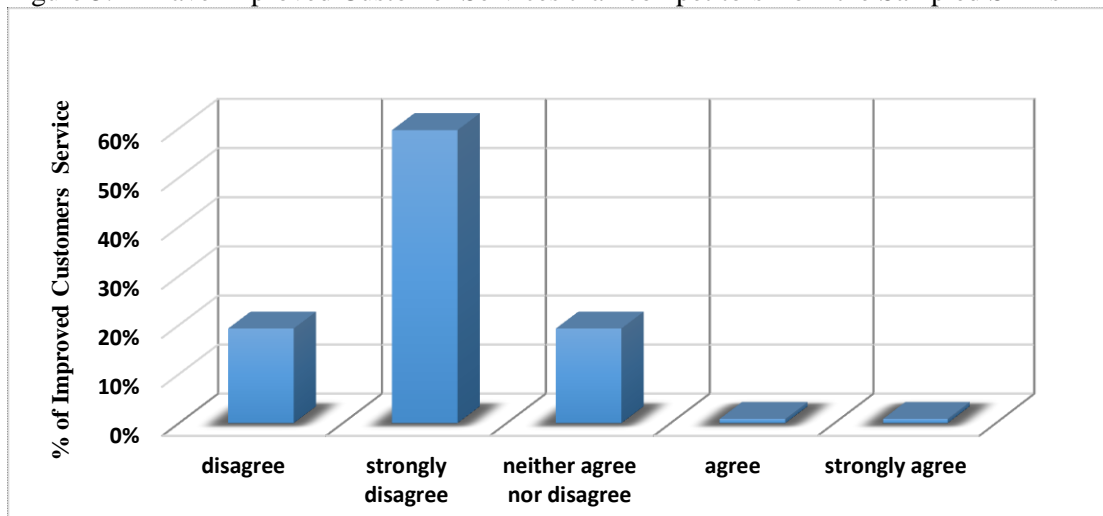


Figure 5.13 above illustrates employee satisfaction measure from the sampled SMEs, 56 per cent neither agrees nor disagree with this kind of measure in their organisation, over 31 per cent do not measure employee satisfaction, only about 4 per cent agree and 4 per cent strongly agree respectively to measure employee satisfaction. This finding is consistent with the literature and another indication as to why the SMEs are failing as they fail to measure their employee satisfaction. According to Hunter and Tietjen (1997), employees tend to be loyal and productive when they are satisfied. Employee satisfaction also has positive impact on their performance that benefits both customers and the business productivity (Potterfield 1999).

The findings indicate otherwise, which means the SMEs don't show much concern on how their employee feels or care about their well-being. Sageer *et al.* (2012) stated that employee's commitment to the organisation depends on their satisfaction and contentment with the way they are treated where they are likely to stay in that organisation; therefore employees' satisfaction should be vital part of human resource management. Organisations should ensure employee satisfaction among their workforce as a precondition to upsurge productivity, quality and openness and better customer services (Sageer *et al.* 2012).

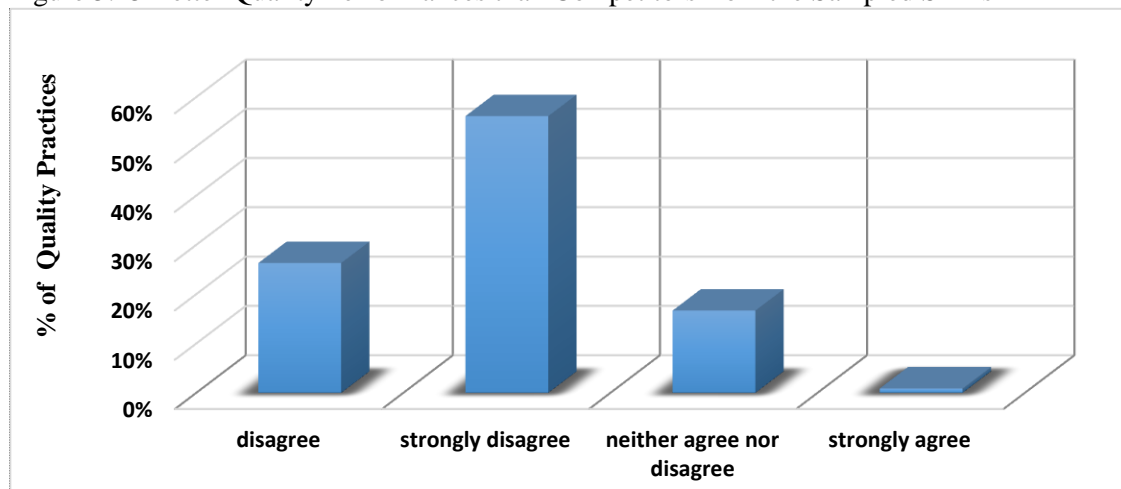
Figure 5.14 Have Improved Customer Services than competitors from the Sampled SMEs



The above figure 5.14 established if the SMEs have improved customer service in place to measure their business performance, the analysis indicate that 59 per cent strongly disagree, 19 per cent disagree and same 19 per cent neither agree or disagree, while less than 1 per cent agree

and same 1 per cent strongly agree respectively, this is not surprising and consistent with the literature indicating to why the SMEs are failing after a few years of formation. According to Ittner and Lacker (1998) increase in customer satisfaction improves both output and financial performance and further increases customer loyalty, often lead to lowering marketing cost through word of mouth advertising, lower transaction cost and increases business status. Madu (2000) declares that organisations' ability to continue delivering services or products to its customer at a superior quality often has positive impact on the business. However, the analysis illustrates the opposite from the sample SMEs.

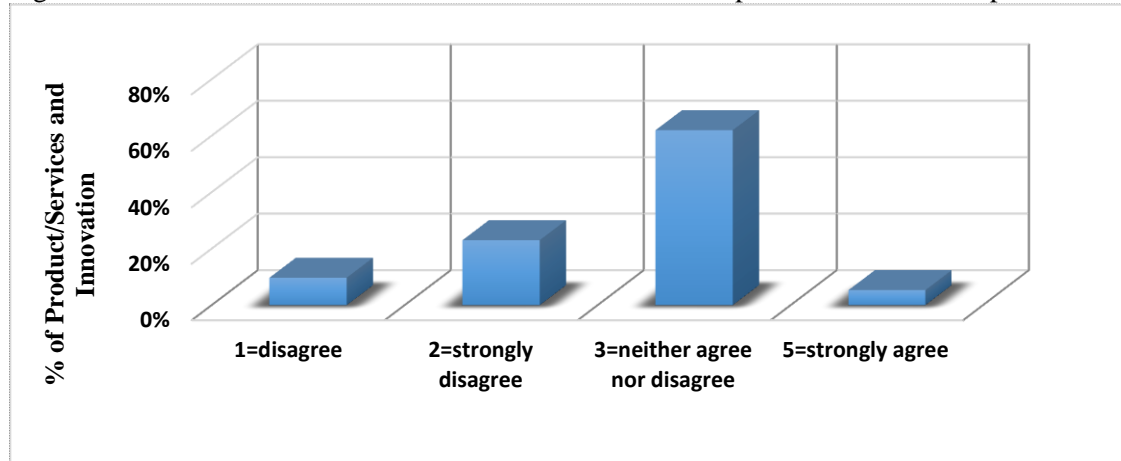
Figure 5.15 Better Quality Performances than Competitors from the Sampled SMEs



The analysis in figure 5.15, outlined quality practice from the sampled SMEs as shown, 56 per cent strongly disagree with quality practices in their organisation, 26 per cent disagree, over 16 per cent neither agree nor disagree and 1 per cent agrees to quality practice measures. This findings is alarming but not surprising and in the line with the literature. Deming (1993) states that in order for organisations to retain their business competitiveness; they must embrace productivity improvement drivers which had proven themselves in other countries like Japan and one of such drivers is the use of total quality management (TQM). Duran (2004) defined quality management as an essential property to deliver goods and services that meets customer's needs and don't fail during usage and without threat to human well-being. Duran's definition is well placed in organisational practices, in that goods or services should be produced and delivered to

the end users at the right quality, quantity and at the right price, and it should be a practice and process embrace by the SMEs in order to satisfy their customers.

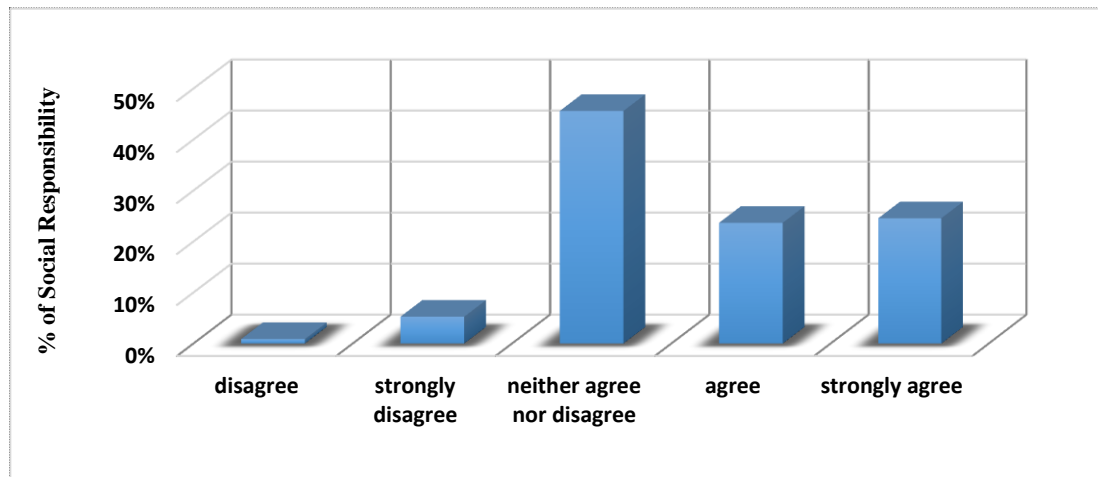
Figure 5.16 Better Product/Services and Innovation than Competitors from the Sampled SMEs



Product/Services and Innovation from the Sampled SMEs in figure 5.16 shows that about 62 per cent of the SMEs neither nor disagree with products/services and innovation measures, 23 per cent strongly disagree, over 9 per cent disagree and a little over 5 per cent strongly agree with these measures, yet again in line with the literature.

Susman *et al.* (2006) declare that SMEs should endeavour to form trusting relationship with their customers in order to co-discover the best methods of using their products and in the process acquire new means of developing and implementing concepts for new products or services. Also, Warren and Susman (2004) proclaim that SMEs can achieve growth through provision of additional products or services to the market. Similarly, Oliva and Kallenberg (2003) assert that businesses should seek to expand their service offerings in order to gain deeper access into their customer's value and offer extra competitive results, vital for them to understand their customer's needs and their abilities for service offerings.

Figure 5.17 Have better Social Responsibilities Performance than Competitors from the Sampled SMEs



The analysis on social responsibilities from the Sampled SMEs presented in figure 5.17, shows that 46 per cent of the sampled SMEs neither agree nor disagree to practising social responsibility in their organisations, nearly 24 per cent agree, over 24 per cent strongly agree to this practice, on the other hand, 5 per cent strongly disagrees and fewer than 9 per cent disagree. These findings are somehow surprising considering the country Nigeria and in African continent with observation on the environment; however, they are significant for this study.

Lawal and Sulaimon (2007) relate to social responsibilities as an intellectual and impartial apprehension that confines a person or business behaviour from ultimately critical practices regardless the profit, and leads to an optimistic influence to human benefits.

Ogbeuchi (1998) advised that Nigeria SMEs must channel their focus on directions and practices in pursue of social responsibility that will benefit others and relieved concerns such as (i) commitment to quality, (ii) commitment to ecology and environment, (iii) customers' satisfaction and education. Other areas of concern include true service to the community and needs, liberal labour associations, impartial employment practices (Ogbeuchi 1998)

Figure 5.18 Better Flexibility Performance than competitors from the Sampled SMEs

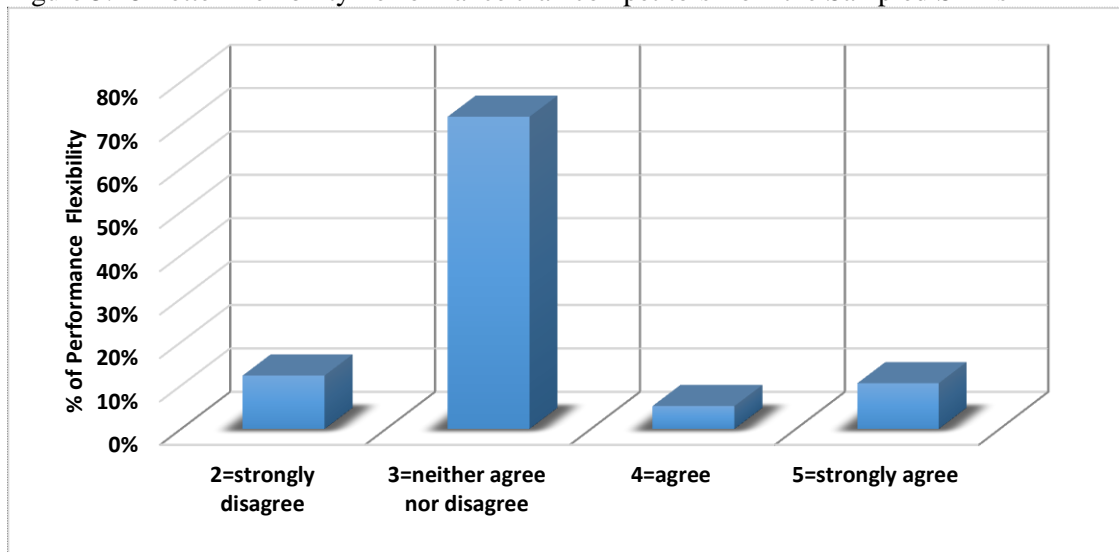
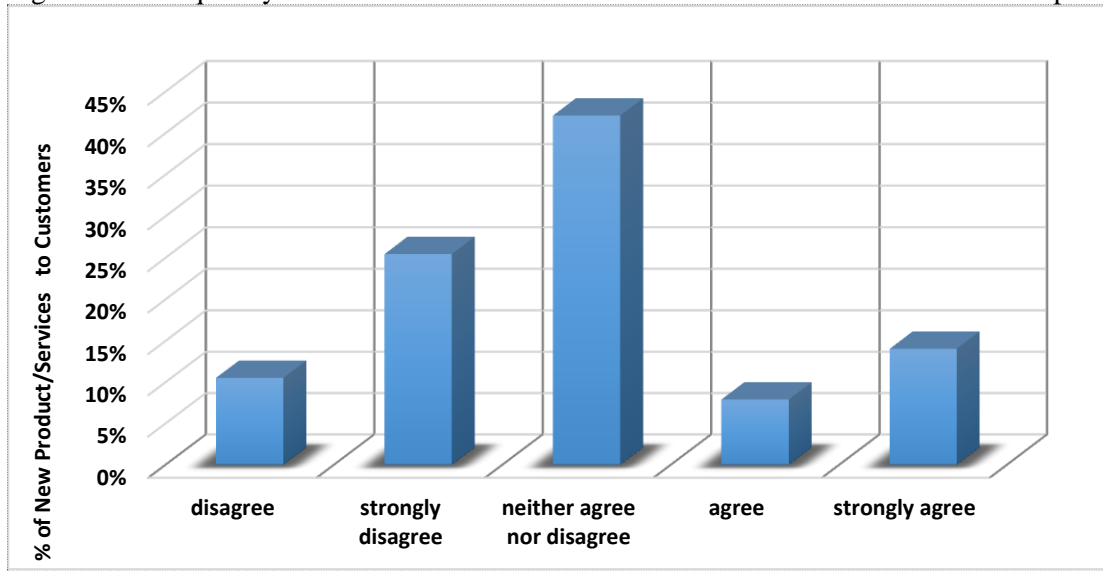


Figure 5.18 above indicates the analysis on flexibility in performance and practices from the sampled SMEs, this strongly illustrates that the majority of the SME don't react quickly to issues affecting their businesses, like change in demand of products or services and increase in their market base. As shown, over 71 per cent of the respondents neither agree nor disagree of being flexible in their business performance, 12 per cent strongly disagree, 5 per cent agree and little over 10 per cent strongly agrees with being flexible in their businesses. These findings are consistent with the literature and further illustrate why the SMEs are failing after some years of formation. Schmitz (1995) states that, though the SMEs are able to withstand most economic hardship due to their being labour intensive in nature, he further advises the government to support the sector for it to remain effective for employment generation, fast reaction to changes within the market which can be seen as being flexible in the operations. Upton (1994) defines flexibility as the ability for an organisation to react to environmental changes with lesser cost and time; others categorised flexibility into external and internal ability to meet customer requirements and to gain competitive advantage (Lynch and Cross 1991; Upton 1994). Therefore, the findings from the sampled SMEs show that the SMEs are not fast enough in responding to business challenges, meaning they can't easily respond to the changing environment in which they operate.

Figure 5.19 Frequently Introduce N Product/Services to Customers/Market from the Sampled SMEs



In the case of SMEs introducing new products or services to their customers and market as shown in Figure 5.19, the analysis indicates that 42 percent of the respondents disagree introducing new products or services to their customers, 25 per cent strongly disagree, and about 11 per cent disagree. On the other hand, about 8 percent agrees and 14 percent strongly agrees to this practice. This illustrates lack innovation among the SMEs because Thomas (1995) declares that the practice of introducing new products and development is generally recognised as a way of gaining competitive advantage. Also, Cooper and Kleinschmidt (1995b) summarise that ensuring products' innovation strategy that links product development with the business strategy helps to recognise areas of importance for development which in the long term drives growth. Finally, various performance measures were investigated and were discussed in this section; this was achieved through the use of survey questionnaires to help outline the specific issues affecting SMEs performance in the chosen location. Significantly, each figure shows percentage representing participants views on PM measures used, indicating the importance of such elements of performance for an SME. Through the use of this approach deep knowledge is developed on what's being measured and what is not that lead to ascertaining the causes of SMEs failures as after few years of formation as indicated in the literature (for more discussion, see summary of findings), and the next section discusses findings from the interviews conducted.

5.5 Data Analysis (Interview)

The previous section outlined the findings from the survey employed to help reveal performance-related issues in the sampled SMEs. This section further outlines the findings from the interviews conducted as the step on phase 3 of the data collection (section 5.1).

In this study, qualitative and quantitative data were analysed with the use of two software packages for the analysis, this includes:

- (1) Survey data went through SPSS software instrument, and analysed for word interpretation.
- (2) Interview data was analysed with the use of (a) MS Excel to established the total number of interviews conducted shown in figure 5.5, proprietor's positions and business sizes in figure 5.6, business sector representation in figure 5.4, and (b) thematic analysis through coding of responses from participated organisations (see table 5.2), the key objectives for this breakdown is for ease of interpretation of each stage, data progress and ease of understanding.

The use of these approaches in reporting the findings and breaking them into categories is a common strategy for qualitative data analysis and for easy comparison with other techniques the researcher chooses to use (Patton 2002). As mentioned above, interview transcripts were summarised and thematic coding applied (Gibbs 2007; Sterling 2001) as shown in table 5.2.

Also, table 5.1 shows some of the uncoded responses from the participants which were recorded and transcribed into readable format are shown in table 5.1 through the use of MS word software for ease of reading and understanding.

Table 5.2 Uncoded Responses for the Conducted Interview

Interview questions (IQ) and Responses (R)	
IQ – How would you describe your organisation's current performance compared to 12 months ago?	
Response	<i>Actually, it has been amazing, better than 12 months ago, the sales and stock level has increased significantly compared to before, so I think there is hope for the company in spite of the current situation in the country.</i>
IQ – How does your organisation measure performance?	
Response	<i>We measure our performance based on productivity of the company that is sales and the availability of the products and the capital based. As of 6 month ago we were running with 5 million Naira, but I can now say that the amount has increased, it is not 5 million any more, that amount has increased significantly indicating an improvement on total sales</i>
IQ – What sort of PMS do you have in place?	
Response	<i>No unique system, but we have things like stock & product based indicators illustrating an improvement, Capital and staff salaries have also increase based on this improvement and we continue to witnessed increase in sales.</i>
IQ – How does your organisation measure performance of your employees i.e. performance reviews and how effective is this?	

Response	<i>Actually in our organisation we don't have such concept, but individually we make sure that our employees do their job very well, stick to the closing time, break time, we don't go beyond the closing hour time during services time like this. In our organisation, we do not have any kind of system or special tools to measure our employee's performance. However, I know they are highly performing.</i>
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Table 5.2: Continued

IQ – Where would you consider allocating more resources to improve performance within your organisation and why there?	
Response	<i>In that aspect, we like to buy more machines to increase productivity and means of transportation to help reduce long delivery time to our customers and possibly open more offices around the country.</i>
IQ – In what ways do you think you motivate your work force/employees?	
Response	<i>Like I said before, the major means of motivation is training them, currently we offer 18 kinds of programmes, and we make sure that our staff are well equipped with at least 8 of the programmes, they must know everything about the programme, we equipped them well in that aspect, we also send them for other trainings, because creativity leads to learning new things every day</i>
IQ – What business value does your organisation promotes among customers, workforce and shareholders?	
Response	<i>Our customer are essential, from time to time we do some promotions by giving some of our products free to our long standing customers, we do same to workers especially during Christmas, to our stakeholders we make sure the report is ready for them quarterly.</i>
IQ – Looking back over the past 24 months in terms of growth, is there anything that you would done differently with Perception?	
Response	<i>No regret per say, the situation mostly depends on the technological advancement. We have no regret at all because we have no control over technology advancement, all we do is to wait and see how the economy progresses.</i>
IQ – What would you have done differently to improve performance?	
Response	<i>For reinvestment and expansion the business to other state; invest and import more machines/equipment's to increase productivity. Overall we encourage this sort of research in future that would lead to possible establishing a regular workshops that could lead to government short/long term-loans for small business, our sector generate lot of employment for this country the economy.</i>

(For full list of the interview transcripts, please see appendix 3)

Table 5.3 Thematic Analysis – Interview Data

Set of Performance Investigated	Existing Performance Measures	No of Organisation/ Respondents	Code
Performance Measurement/ Management How Performance are Measured	1. Good Performance	6	GP
	2. Excellent Performance	2	EP
	3. Poor Performance	9	PP
	1. Total/Net Sales	7	TNS
	2. Feedback System	5	FBS
	3. Net Profit Margin	1	NP
	4. Financial/Record/System	4	FRS
PM System Currently in use	1. Quality System	2	QS
	2. No Measures or System Employed	5	NMS
	3. Financial System	4	FIS
	4. Feedback System	5	FBS
	5. Sales/Financial System	1	NS/FS
How employees Performance are measured	1. Review/Appraisal	2	PRA
	2. No measure Implemented	8	NON
	3. Financial Incentives	1	FIN
	4. Time keeping/Punctuality	2	TKP
	5. Through Training/Re-engagement	3	TRN
Where internally can resources be allocated to improve performance	6. Through Customers Satisfaction	1	TCS
	1. The Whole Organisation	7	TWO
	2. Production/Equipment	8	PAE
	3. Diversify investment	2	DIN
	1. Salary Increment/Appraisal	1	SIA
How employees are motivated	2. None Implement	5	NIM
	3. Training/Financial Incentives/Bonuses and Promotions	11	TFI/BAP
How Business values are promoted	1. Not Applicable to our organisation	5	NAO
	2. Good Services Delivery/Customer Satisfaction/Integrity	3	GSD
	3. Good Relationship	6	GOR
	4. Promotion/Discount/Schemes	3	PDS
Reflecting on overall performance: what would you have differently to improve performance?	1. Increase Capital/Staff Base	1	IC&SB
	2. Reinvestment & Expansion	7	R&E
	3. Acquire/Equipment/Machineries/Employ Expert and Relocate	8	AEM/EE R
	4. Acquire Money Saving Schemes	1	AMSS

Table 5.2 shows four columns; the **first** column, sets of questions asked during the interview, the **second** column outlined the SMEs existing measures based on individual response and the **third** column illustrates the number of organisations with similar response reflecting the type of measures used based on the questions asked and finally, the **fourth** column indicates coded response from the participants. Similarly, table 5.2 also shows each participant response which were reviewed after processing and transcribing into readable format, through an MS Word

document in line with Patton (2002). Based on the uncoded responses in table 5.1, it can easily be interpreted or there is a clear indication whether the organisation has excellent, good or poor performance measures in place, and was interpreted as (a) Excellent Performance (EP), Good Performance (GP) and Poor Performance (PP); also with other set of questions asked during the interview shown in column 1, with corresponding codes. This approach is known as thematic coding in line with Gibbs' (2007) and Sterling's (2001) concepts shown in column four. The interviewees varied ranged from Chief Executives to General Managers (see figure 5.5) with various set of performance measures used.

In order to sufficiently establish the issues affecting the SMEs' performance with interview strategy as indicated chapter 4, section 4.5.1, in comparison with the findings from the survey strategy, the participants was asked the following questions:

- **How Performance is measured?**

The responses from the 17 participants organisations were transcribed and coded as shown in column 1, row 2. Therefore, 7 of the 17 SMEs use Net Sales to measure their business performance, 5 out of 17 uses Feedback, and 4 of the 17 SMEs use Financial Record to measure their business performance. These responses were coded as shown in the last column on the table.

- **PM System Currently in use?**

Also, in the case of PM System currently used, 2 out of 17 SMEs interviewed used Quality System, 5 out of the 17 SMEs use no system at all, 5 uses Financial System, 5 use Feedback System, Net-Sale Financial System, this findings is expected and in line with literature.

- **How employee's performance is measured?**

On this, 2 out of the 17 SMEs use Review/Appraisal, 8 out of 17 don't measure their employee's performance, only 1 out of 17 SME use Financial Incentive, 2 SMEs use Time keeping and Punctually, 3 SMEs use Training and Re-engagement to measure their employee's performance, and 1 out of the 17 SMEs use Customer Satisfaction.

- **Where internally can resources be allocated to improve performance?**

The SMEs response were; 7 out of 17 SMEs will reinvest in the whole organisation, 8 of SMEs would like to allocate resources on production and equipments and 2 out of the 17 SMEs would like to allocate resource to diversify investment.

- **How employees are motivated?**

On this line question, there were varied responses from the 17 organisations interviewed as follows; 1 SME out of 17 use salary increment and appraisal to motivate their employees, 5 of the SMEs interviewed do not motivate their employees, and 11 out of 17 SMEs interviewed use training, financial incentives, bonuses and promotion to motivate their employees, this is very much expected given the difficulties many employees faced resulting from the current economic hardship in Nigeria and will be more acceptable by employees.

- How business values are promoted?

The SMEs responses were; 5 out of 17 SMEs responded with ‘not applicable’ to their organisations, 3 out of the 17 SMEs demonstrate business through good service delivery, customer satisfaction and integrity, 6 out of the 17 SMEs promote business values through relationship and 3 out of the 17 SMEs use promotion and discount schemes. Here again the responses are not surprising demonstrating that SMEs pay little attention to their business values which is vital to organisations’ survival; business values must be observed at all time.

- Reflecting on overall performance: what would you have differently to improve performance?

On hindsight, 1 out of 17 of the SMEs would like to increase capital and staff base, 7 of the SMEs interviewed would like to reinvest in the organisation for expansion, 8 SMEs interviewed would also like to acquire equipment, machinery, employ expertise and relocate their business to more accessible locations, and 1 out of the 17 SMEs would like to acquire money saving schemes which is somehow surprising that only one organisation wants to embark on such saving schemes which in the long run will save the business a lot of money and other resources.

Summarising, the key findings from the interview conducted have been outlined. The application of interview strategy was to enhance the comparison of each finding to help establish why the SMEs are failing after a few years of formation and meeting the research aim, also using survey strategy as another method of data collection enhances triangulation of each strategy discussed in the methodology chapter. As expected, the findings from the interview are quite similar to the survey and in line with the literature, see chapter 6 discussions of findings and results.

5.5.1 Justification for Thematic Coding

According to Gibbs' (2007 and Sterling's (2001) thematic, it is a systematic approach of summarising the subjects and outlining of qualitative analyses. In addition, Sapsford and Jupp (1996) assert that a coding frame is a systematic method governing the interpretation of data in common terms illustrating useful ways of understanding the data.

Many researchers have applied Sapsford and Jupp' (1996) concept by drawing coding frame, which lead to summarising respondents answers to each question, and coding each set of performance accordingly as presented in table 5.2.

Similarly, coding can be in different forms such as descriptive or inferential (Miles, Hubberman and Saldana 2013). Hence, this study adapts a descriptive form of coding that interprets and summaries overall responses in word from the respondents (see table 5.2).

Furthermore, qualitative data analysis has other characteristics such as interpretation and presentation of data in words not numbers.

For the purpose of this study, the researcher used a thematic method to summarise interview data, collected into a readable format for ease of understanding. The task of analysing qualitative data is huge due to the bulkiness of the data, but it can easily be reduced to a few categories and themes (Joubish *et al.* 2011). Qualitative research data analysis also follows logical induction strategy; for example, creating an abstract theory from a specific research data (Joseph *et al.* 1995). Analytical induction also relates to similarities between different social phenomena that enhances the development of ideas through a systematic approach; it also allows the adaptation of concepts and their relationship through the research process (Ragin 1994).

The process analysis according to Ragin (1994) involves:

- Examining information/data produced through the study
- Comparing concepts repeatedly against cases until the analysis leads to a theoretical framework in the SME
- Identify and examine each case to confirm, redefine and revise related theories relating PM in SMEs
- Outline and define PM topics in the SMEs
- Formulate a working theory following four categories: the determinants of performance; PM model requirement; PM framework implementation

5.5.2 Content Analysis (primary data coded)

Contents analysis has its historical basis traceable to early twentieth century (Backus 1959). Previous researchers used this approach in either a qualitative or a quantitative method in their studies (Berelson 1952). While other researchers in recent times have applied this method mainly as a quantitative research method with data coded into explicit categories. They also used it for statistical analysis that is often referring to as quantitative analysis of qualitative data (Morgan 1993).

Content analysis also produced quantitative data out of qualitative material through an illustration statistically for detailed understanding of the dependencies between various variables derived from the data (Hsieh and Shannon 2005).

Similarly, Krippendorff (2004) also describes content analysis as a research technique for making replicable and valid interpretations from transcripts or other meaningful materials in the contexts of their use. As a research technique for this study, content analysis increases the researcher's knowledge, gives insights and understanding of a particular phenomenon, and enforces practical actions (Krippendorff 2004). Furthermore, content analysis is also used to answer the research questions, as indicated earlier in the chapter.

Moreover, to study and understand the PM Systems in SMEs and the motivation factors for using such a system, several literatures were reviewed and performance models analysed. This exercise also led to the researcher interviewing several SMEs proprietors, managing directors, chief executives officers and managers as follow up from the earlier survey conducted. These interviews were also analysed using content analysis.

Berg (2001), states that qualitative contents analysis helps to redirect attention to unique themes that demonstrate a series of meanings of the phenomenon, instead of statistical meaning of the data or transcript. Therefore, data reduction and coding should be reliable, make sense and be consistent (Patton 2002). The researcher applied Patton's concept to this study to validate earlier developed conceptual framework (see section 4.9)

5.5.3 Cross Case Analysis

Interview data shown in table 5.2 was analysed and summarised in line with earlier conceptual frameworks developed in chapter 3. The data was summarised across all cases to identify the differences and similarities among a set of performances to help construct a clearer picture of the key determinants, indicators and implementation across the 17 organisations.

Furthermore, cross-case analysis promotes data credibility and true value, and enables phenomena to be viewed from different perspectives (Russell *et al.* 2005). In addition, it allows the researcher to analyse cross settings and each setting (Baxter and Jack 2008)

In this study, cross case analysis was applied to seek confirmation for the conceptual framework and to generalise the factors that influence the SME's performance, as well as to identify what framework is currently in place, and the critical success factors, as shown in table 5.2 and more of the analysis discussed in chapter 6.

5.6 Cases-Study Analysis/Discussion

5.6.1 Introduction

According to Yin (2009) the use of case studies is not new in social research; case studies can be used as part of larger mixed methods of study. This section of the studies outlined two cases to further broaden the investigation into the performance issues faced by SMEs. The use of a case study is to enable the researcher to comprehensively investigate and evaluate the PM System implemented by these two organisations. Therefore, the following issues were explored, experiences drawn from implementing PM Systems; the hindrance of PM Systems in the case organisations; the system currently in used or implemented; and issues faced during and after a PM System was implemented.

Through the exploration of these key areas within the two case organisations, the study then presents issues as follows:

- Background of the organisations (1 & 2)
- Discussions of Findings (case 1 & 2)
- Analysis of Performance Determinants case 1 and 2 (see table 5.5 & 5.6)
- Aligning the Case-Studies findings with Research Aim and Objectives

5.7 Case Study 1 – The Organisation Background

Organisation A – Family Business

A bakery produces varieties of pies and snacks as its main business and services major local supermarkets, small shops with petrol stations and small roadside kiosk traders.

This is a Family business, incorporated in early 1990 and started as small-scale operation around 1998 and operational in 2001. The set-up capital and other resources came from one family member and his wife (the Managing Director). The business is completely managed by the MD who handles the daily operations alongside his manager and mostly produces bread and snacks to services its immediate customers and the market, and has been operating this way for about 15 years.

The company produced bread and snacks using oven with firewood and coal as the only source of energy, as an alternative to gas or electric oven. The MD believes it costs less than gas and electric oven and cheaper to run and can be sourced locally. The business has 13 employees and often operates two shifts when there is high demand with no management staff to supervise the production line because the general manager works only the early shift with the MD. The business operates this way for 15 years serving its customers; the business faced with production and poor performance issues, among other things.

After several years of operations, it is now faced with various production related issues; poor products quality; returns, complaints from customers and low turnover. Overall, there are no set objectives, make plans and decisions taken. During the review of various documents and interview, the CEO assertion that the business is in a bad shape and faced uncertain future. After a careful analysis of the arguments, the following are the key issues identified:

The organisation have no formal structure within and by all indications, there is no organisational structure or shared responsibilities. The GM often covers the MD in his absence while carrying out his daily duties without any assistant and share office with the MD. The organisation has no other management staff besides the MD and the GM and body to handle incoming calls from customers and to deal with queries. The data collected indicates similarities with other SMEs.

The organisation has a quality certification of ISO9001 issued after it has passed relevant programmes and quality inspection. However, some issues and processes were not in place, for example the Goods-in and Goods-out, the production area where mixing is done (production development) has not been marked or designed properly for free flow of goods and materials in and out of the factory. There is no systematic storage system in place; any goods-in tray and trollies to move raw materials and ingredients, and unfinished bread to oven. Above all, organisation lacks proper storage facilities where records are kept for future references and when needed, and no quality manual available detailing quality issues within

the factory. The supply chain is inadequately, managed in terms of knowing what raw materials are required, and what that have been used and some needed materials are not readily available for use. Employees often work on shift without adequate supervision result to many mistakes. There is no systematic process in place to monitor oven temperature in order to minimize any damage or burns to the products, and evidence of poor manual handling and training in place to adequately, train employees to avoid accident in the factory. These issues result to poor taste and quality from the baked products and difficult to compete with other competitors.

The organisation has no formal structure in place with shared responsibilities, no planning employees often not knowing what to do when they arrived in morning, or given directives before the end of business especially when the MD is not around and no daily routine partly as the business does not plan. Also, many employees have no hope of progressing with the organisation, no training is offered to them or available and their complaints not often dealt with on time which creates low morale among the employee's. The organisation has no set of goals or targets to deliver. Employees often pressured into working extra hours to meet demands and are prone to mistakes due to lack of supervision. On the other hand, there is no systematic method of monitoring the operations of the two shifts operating in the organisation, and no proper inventory system in place as observed during the interview. The organisation has poor performance management; this includes lack of communication with the employees, no proper supervision on production line, no target setting and planning to monitor results. Many of the floor operators are unskilled, and the current structure gives no room for effective performance management. The MD manages everything without shared responsibilities with the GM; the purchases of raw material, is done by the MD, no detailed or specific line of action put in place before and after each shift. The production are based on how many orders the MD received before the closing of business; there is no forecast or meeting of any kind to discuss progress, or review plans to see if the organisation is on track.

Nothing in writing specific enough for workers to know what they have to accomplish, when to do them, and how it has been measured. Based on this, researcher believes, there is need for business PM System implementation to, effectively turn the business around.

5.8 Case Study 2 – The Organisation Background

Organisation B: Logistics and Supply Chain Operations

Specialises in Logistics and Supply Chain Operations and services most of the Northern and some Western States of Nigeria. This is a young SME with nearly 8 years in business; owned by two entrepreneurs and have solid financial and profit backings; with several fleets of trucks and well sited facilities for distributions of its services to customers. It has 53 employees.

The organisation has good management teams who are experienced and have good industry backgrounds. The warehouse was designed and built for maximum utilization and for effective movement of goods, as well as the use of hydraulic and machineries for on time deliveries. This means better performance which the organisation has established itself in the industry.

The organisation employs Total Quality Management (TQM), Benchmarking and Feedback System in measuring the business performance and its effectiveness determined through annual turnover.

The earlier literature indicated that two key components used to determine PM effectiveness. This includes: (a) organisation's ability to use employed performance measures to bring changes in the business and (b) the right structure within the organisation. The current PM System and its management are effective and efficient because the organisation has already designed and built the most needed infrastructure within the organisation, they are also flexible in delivering the services to its customers and have efficient employees motivation to carry out their job and often rewarded for their hard work and dedications.

In this case organisation, the framework and tools employed are: Total Quality management (TQM), Benchmarking and Feedback System. These systems enable the management to make strategic decisions and require adjustments where and when necessary.

The implementation of PM System within this organisation would assist in improving further through key competitive criteria such as financial performance as key indicators relate to annual turnover decrease in waste, and availability of products, on-time delivery and satisfactory feedbacks from customers.

Although the business already uses some performance measures and customers are satisfied, further improvement made such as: (a) increase the volume of growth and its competences in relation to its competitors (b) ability to hold on to the already developed framework and introduce another balance strategy as the business continue to grow. See more of this discussion on recommended PM System and frameworks and tools for case studies organisations (see table 6.1 & 6.2 below).

5.9 Case-Studies Discussion of Findings

5.9.1 Introduction

The preceding section analyses the background and performance determinants in the two case organisations examined, and this section further outlines the findings from the two case studies. The rationale is to demonstrate how the case studies answered the research aim, objectives and validate the findings from survey and interview as proposed.

Darke *et al.* (1998) assert that case-study method enables researchers to produce diverse research outcomes in support of the research paradigms. Besides, Yin (2003) stated that case studies can be either descriptive or exploratory, Yin's opinion is supported by Lee and Baskerville (2003), they also state that case studies can be used to test and/or generate theory in a positivist paradigm. The test can be instrumental or intrinsic providing awareness to a given situation or collectively from different settings (Stake 2000). In this study, two organisations were used as case studies from different sectors or settings as Stake hinted, to explore various performance and management issues affecting the business as outlined below.

5.11.1 Case-Study 1

Makers of bread and pastries to local consumers includes supermarkets, confectionary shops, petrol stations and small roadside kiosk traders, incorporated in the early 1990 as family business, started small-scale operations around 1998 and fully operational in 2001.

Similarly, Macpherson *et al.* (2000) and Walsham (1993) announced that the application of case study help provide a rich account of collective phenomenon and create understanding. Hence, the phenomenon that hindered performance within this organisation studied is outlined as follows:

1. Lack of formal Structure in Place:

The business lacks formal structure in place with shared or dedicated responsibilities. Though not uncommon with an SME to operate in this manner, however, the type of business gives rise to proper structure with individual responsibilities. According to Dhanoo (2009) the global business is gradually under pressure to establish responsible practices in order to remain viable in

today's aggressive business environment. This is clearly an issue with this organisation as it fails to adapt any new approach over the years. Dhanoo (2009) stresses the need for organisations to take that extra mile and strive past everyday practices in order to successfully compete with their rivals.

2. Lack Quality Management:

As observed, quality is an issue within the organisation. *"We try as much as we can to do things right", the MD declares.* The GM also said that the company is losing business to their rivals due to poor standards. On the other hand, *"customer's complaints are not easily resolved on time, while bread size are not always the same, some are big while some are small but we used same measurement for all", said the GM.*

Another typical example is lack of supervision during mixing of ingredients, a staff member is often asked to carry out this task based on his knowledge, it can be any member of staff available, like those that have been with them for some time - said the GM.

The business need overhaul, they both agree. *Our situation is peculiar and I believe the business has not received the finance and management attention it should,* the MD declared. The MDs statement reflects on performance issues the business is facing, and there is no doubt that the business requires Total Quality Management (TQM) to rebrand it in order to compete with its rivals. On this note, according to DIT (2013) quality management system (TQM) are required in all areas of business operations regardless the size of the organisation, production or services. The Department of Industry and Trade (2013) also outlines the benefits for the organisations that embrace quality. The benefits include:

Increase in market share, training, lower costs, improves process control, established direction, meet customer's expectations, raise employees morale and waste reduction.

In addition, by embracing total quality management, it will help the business transform to a profitable venture, provide customers with the desire products, services and regularly meet their needs and expectations.

Finally, by embracing quality in all areas within the organisation, it will help to establish the business needs externally and internally at an optimum cost, efficient use of the available resources including technology & technology, materials and human.

3. Lack of Planning & Goal Setting

As noticed, the business does not plan for day or the next day operations, employees report in the morning without knowing what to do for the day. *I will tell them when I'm told, said the manager* The organisation has no formal structure in place with shared responsibilities. Even though the business often get very busy in meeting customer's orders and requirements, there is no routine planning in place, and employees often come in the morning without knowing what to do, the management have provided directives before the end of business, and for next day especially when the MD is not around.

As noticed, the employee's complaints also relates to lack of job prospects, training and incentives that resulted to low morale among them. On that regard, Dhanoo (2009) stated that business should be committed to values and ethics as an approach to Corporate and Social Responsibility (CSR) which in turn will increase understanding on their responsibilities and practices.

This is the foundation to changing the mind-set and building feasible values and principles for the business. For example, applying or embracing the principles of values and respecting employees and colleagues is an indication of businesses adopting ethics and good practice. By so doing, the business is complying with the CSR key terms which also include training for employees, improve work relations and prospects advancement (Dhanoo 2009).

On the other hand, the business lacks goal settings and targets, on this front, Locke *et al.* (1990) state that setting goals has helped organisations to improve employee motivation and performance for many decades. An organisation adopting 'do your best' approach is vague and easy goals, in comparison to challenging and specific goals, which is the case with the bakery organisation examined. Secondly, as long as an organisation is committed to the goal as planned, has an obligation to attain it (Locke and Latham 2006); this is the way forward for this organisation.

4. Poor Performance

As observed, the business recorded poor performance with no sign of growth. The staff working around the production areas is unable to communicate with the front office staff attending to customers, likewise the sales staff during busy times in response to customer's inquiries. No IT

facility available for their use, no target or goal setting and plans to achieve such, no training provided and many employees lack the confidence to carry out their job. *Like the GM put it, I'm just assisting the director*; this approach is tedious and requires allocation of responsibilities for effective operations and management.

Trebesch (2012) articulates that, regardless the business size or operations, managers and directors can't be everywhere at once. Applying this statement to this business, hence, there is a need for job delegation and share responsibilities to relieve MD the burdens of doing everything himself. Though, it is not uncommon among the SMEs, however the MD and business will derives several benefits from job delegation like focusing on other tasks, such as strategic planning and analysis, such focus will enable the MD to identify areas that mostly require his attention within the organisation, resources and people can work more effectively.

As noted, there is no performance measurement system in place. Amaratunga and Baldry (2002) named performance measurement as a change agent that help shift control from past to present. The business can derive other benefits for PM System like increase its competitiveness, continuous improvement, information sharing and communication (Garengo *et al.* 2005).

5.11.2 Case-Study 2

This is logistics and supply chain operators servicing the northern part of Nigeria including Abuja and other parts of the country, about eight years in business with many employees who are involved in various operations and some are temporary employed during the busy time and jointly owned by two brothers.

Set target → as noticed, the business strive to deliver to customers on time as promised, due to availability and good use of resources. Daily operations are shared among the managers with supervisions. The business is in sound financial position with potentials for growth and has several fleets of diesel trucks ready to service customer's destinations after processing and despatches. *Consistency is what we try to be, and not to disappoint our customers like the retailers who will be waiting to fill their shelves, said the MD.*

As observed, the business is appropriately structured; MD's offices are located on the top floor and managers on the ground floor closer to the operation area. *We designed and build this place to suit our needs, we took a lot into consideration, said the MD.*

Good team management → according to McQuerrey (2015), organisations tend to increase productivity, quality of products and morale when teams work well together on a particular project or on various departments. When there are fights between workers, it potentially hinders team spirits and often decreases effectiveness (McQuerrey 2015). The directors have good knowledge of the industry and expertise on business management.

As observed, the centre was designed and built for maximum utilisation and for effective movement of goods, as well as the use of hydraulic machinery for on-time deliveries. This means better performance for which the organisation has established itself in the industry.

According to Young (2009), knowledge management helps organisations to reduce costs and rapidly response to market demands through a systematic approach. Also, effective management radically improves products' or services' quality, increases knowledge on customers, stakeholders, industry and employee needs. As observed from the business point of view, this organisation effectively managed their business operations; this effectiveness is attributed to owner's business expertise, industry knowledge and management capabilities.

Quality management → the organisation employs quality management system measured through feedback process and often benchmark our performance by comparing what the business does, how they do it with others. *"We do this to see where we are and is necessary"* said the one of the directors. Apart from the feedback system, the business also measured its performance and its effectiveness through annual turnover. On same view, Tardy *et al.* (2012) declared that a benchmarking process help organisations to sort superior ways of practices at the lowest cost possible through alliance with other organisations. Through benchmark best practice can be pursuit in order to satisfy the stakeholders (Ellis 2006).

Similarly, prior literature outlined the two key components that can be used to determine PM effectiveness unveiled in this organisation, this are: (i) the organisation's ability to use performance measures to bring about changes in the business and (ii) the right structure within the organisation. As acknowledged in this organisation, the current PM System and its

management are effective and efficient because the organisation has designed and built the most necessary infrastructure to use, they are also flexible in delivering the services to its customers, employees are efficient motivated, the business run in-house training for new employees to build their skills and knowledge in carry out their job and often rewarded for their hard work and dedications and employees.

As noticed with this organisation, the business employed quality systems; they make sure all items are checked during assembling before dispatch. This approach is regarded as TQM, the business made good efforts in reviewing performance from time to time; they also benchmark their operations against others and received feedbacks from customers. These approaches facilitate the management to make strategic decisions and require adjustments where and when necessary.

As observed, the business is in good shape, notwithstanding, the implementation of PM System within this organisation is recommended because it will further improve the business key competitive criteria, such as financial performance as key indicators related to annual turnover, decrease in waste, and availability of products, on-time delivery and customer satisfaction in addition to what is already in place, for more discussion see tables 5.4& 5.5.

Table 5.4 Analysis of Performance Determinant in the Cases Study1

Manufacturing (Bakery)		
Key Determinants	Current Issues/Operation	Narrative/Interpretation
Core Competences	The business has valuable competences and fails to fully utilize them, these include resources capabilities, managerial skills and research and development (R&D) that are lacking behind rivals. The MD to apply his skills and experience gave the GM.	GM's willingness to recruit other managers and create sections for efficient operation is seen as waste of resources by MD. Having being in the business for several years afford them a unique opportunity to network and attract investors. The values of these approaches were demonstrated through the identification of three essential core competences including; innovation, marketing and delivery
Strategy - Alignment	Embark on short term cost savings, locally sourcing some of raw materials which did not see through the difficult period	The organisation products and services required a strategy alignment that is environmentally friendly, change was inevitable from using the locally sourced coal/firewood for heating the baking oven to an electrical one that is environmentally friendly, time saving and procures quality baking.
Internal Process Management	Poor process management, lacks strategic focus, leadership, expertise, no clear definition of position or shared responsibilities, and the business lacks proper organisational structure indicating hierarchy or chain of command	This organisation lacks the vision to manage internal process and tends to ignore this vital factor as key determinants of business success. Fails to keep developing any effective cost measures for long term based on the situation in the country, the key objective of internal processes management is to help SMEs improve on customer's services and enhance business insight
Resources Maximization	Poor utilization of material and human resources; had many unutilized space for efficient productivity and movement; fail to build reputation with financial institutions for long/short term loans for reinvestment when needed	Resources are of various kinds that SMEs can deploy to achieve justifiable competitive advantage for the business. The overall concept is to maximize the resources that are of various kinds, deploy them to achieve justifiable competitive advantage for the business. This includes tangible and intangible resources
Innovation & Competitiveness	Lack technology focus; fail to keep track of persistence changes, the required technology did not understand. The MD hadn't the foresight to strategically invest in R&D when the business was on sound financial footing. GM expresses desire to invest in technology such as electronic baking equipment is to improve performance.	Based on the data and reviewing various documents, the business lacks on innovation due to limited financial resources to pursue such The MD had not the foresight to strategically invest in R&D when the business was on sound financial footing. The Gm expressed their desire to invest on technology such as electronic baking equipment's for competitiveness.
Team Management	No leadership or team spirit, various sections were not effectively managed; no dedication of responsibilities; production line often left attended and without adequate staffs supervision. No prospect of employee training and hope of promotion, overall, no motivation from management leads to valuable employees leaving the organisation.	Team building and management are often seen as the best ways for business to set and achieve it targets. Given the flat structure of the business with fewer personnel, they have the unique opportunity to build a dynamic team and culture to focus on a shared goal.

Table 5.5 Analysis of Performance Determinant in the Case Study 2

Logistics & Supply Chain Operations		
Key Determinants	Current Performance/Operation	Narrative/Interpretation
Core Competences	Focused on efficiency; services delivery and geographical coverage, with dependable resources	The DC is fully utilised as intended, maximum storage with required temperature, has a good road network, good planning and well-designed good in/out with minimal disruptions; with own resources less external influence and has the upper in services delivery in the area.
Strategy – Alignment	The business has the right strategy in place aligning with cooperate objectives, this includes the systems and model implemented to achieve its competitive advantage; have excellence services passing through various learning process for continuous improvement.	Focus on day-to-day operations based on volumes, meeting customer's need and requirements; reliability and availability of needed brand; maintained good relationship with employees and suppliers which gains leverages through this process. Business significantly has efficient customer service to handle all queries and order related issues, and has a fleet of trucks and vans of various sizes for fast deliveries.
Internal Process Management	Clear and well defined structure; hierarchy /chain of command;	Great collaboration between departments/section; clearly define job description and structure.
Resources Maximization	Fully utilization of tangible and intangible resources that enhance the business performance	The business has created employment opportunities for 53 employees resulting from experience and efficient management team and putting in place the right strategy. They fully utilize the intangible and tangible resources to achieve justifiable competitive advantage with rivals. Full utilization of resources often yields better returns for the organisation, which was explored from the business standpoint instead of the product.
Innovation & Competitiveness	Good vision and mission, good storage facilities, modern hydraulic systems for easy movement of goods, and well-designed facility to enhance performance; this lead to business progression or growth	Similarly, resources remain the key factor for SME performance, which was widely revealed during the interview with SMEs proprietors and managers, and agreed to be major hindrance; they also agreed that with sufficient resources businesses can excel in performance. This SME fully utilizes their recourses as an important strategy for growth, specifically on market and innovation and goods are delivered directly to customers cutting out the intermediaries.
Team Management	Good leadership and experience team; good knowledge of industry, build on customers feedback that enhances further performance.	This is a significant strategy in cost savings; technology innovation focused being first in the market with new products; process innovations focus relentlessly cost reduction which attracts consumers within the niche market with excellence services that help boost performance. Team management is vital for SMEs efficiency and for effective management of internal and external operations. Team building enhances performance regardless the in organisation and often seen as the best strategy for business to achieve it targets that would have been impossible for a single individual to accomplish. Given the flat structure of SME with fewer personnel, it gives SMEs the unique opportunity to build a dynamic team and culture to focus on a shared goal.

5.13 Aligning the Case-Studies findings with Research Aims and Objectives

The case-studies background has been discussed and further outlined of key performance issues examine in the two organisations as shown in table 5.5 & 5.6 above. The findings in the two cases are aligned and similar nature with the findings of both surveys and interviews as expected.

This findings sheds more light into SMEs failures in the chosen region, moreover, it is evident and proven reasons for SMEs failures. Issues as discussed in table 5.5 show that the key determinants which the SMEs are lacking found in the case-study, same as in both survey interview findings are linked with internal measures and as key determinants. The use of survey, interviews and case-study strategies was significant because it enhances the investigation of current phenomenon in a real life context using multiple sources of evidence for better understanding in line with (Robson 2011).

Through the analyses of performance determinants in the case studies, the key determinants or specific elements help to align with the present state of the business and narrative on all elements. As indicated on table 5.1, the strategic themes the research set out to explore, these themes help in determine how the two businesses are currently performing. Moreover, analysing these key determinants was necessary and to blend and synthesize the findings of survey and interview questionnaires as shown in figure 5.1 which helped to achieved research aim objectives two (2) as discussed in chapter one.

5.14 Chapter Summary

This section continued from the methodology chapter, which draws on the approaches employed for data collection for this study. In this chapter, the research data and approaches are outlined. A mixed approach was adopted using quantitative data process into qualitative interpreted into words. The qualitative research stages, mixed data include survey, interview and case studies, for which a research questionnaire developed through literature employing a qualitative method.

Qualitative data analysis was carried out using an SPSS package in transcribing specific data, MS Excel was also used to aid in coding interview data that went into several processes and summarised into categories or themes, for a more readable format based on the conceptual framework developed. The used of mixed approaches was to increase the strength and reduce the weaknesses of each approach as the study contributes to knowledge in various ways for then sector and the SMEs operators.

Chapter 6 – Discussion of Findings and Results

6.1 Introduction

This section presents the findings and results from the methods employed to explore SMEs performance-related issues from northern Nigeria as the chosen location for this research, mixed methods involving *survey, interview and case study* were used also known as triangulation to help validate each findings and eliminate any bias of using only one method.

In this research, SMEs PM Systems were studied to establish what is measured and what is not in order to help to address any performance issues such as why the SMEs are failing after a few years of formation which was the research aim. The research employed survey, interview and case studies to investigate and unveil this performance phenomenon as discussed in the prior section.

Therefore, linking back to the conceptual framework in chapter 3, which highlights organisations' key success factors, performance indicators and the enablers that sum up the business internal capabilities which will lead each business to achieving the required results. In contrast to this expectations with the findings generated from empirical investigation indicates the reasons for the SMEs failures and can be linked to several factors within the organisation, such as lack of consistency in measuring both internal and external performance.

The findings are in contrast with Ghosh *et al.* (2001) who listed specific strategic components that have brought growth and success to the performing SMEs which include the ability to develop a sustainable competency, a devoted and solid management crew, efficient client and customer association, strategic approach and implementation, a robust and talented leadership and competence to identify a market. Many of the findings help to establish reasons for SMEs failures in spite of the overwhelming benefits derived from the strategy, but many SMEs failed to achieve their business objectives, sustainability and growth which can be linked with literature discussed in Ch 2 (Okpara, 2011; Ihua 2009; Arinaitwe 2006).

Furthermore, the survey indicates lack of consistency and focus in implementing the right and sustainable measures within the organisations, example, the PM System used to measure

performance; only 46 per cent of businesses used a feedback system and none of the 114 participating organisations used human resources in their respective businesses. This is not uncommon among Nigerian SMEs indicating significant failures in tapping into the vast human resources available. Similarly, only 23 per cent of the participating organisations used financial measurement as a system of measuring their business performance. These results are supported with the findings from the interview and case study and further supported by the literature of Arinaitwe (2006) which showed that many of the SMEs are not using the right system to measure their business performance. Also, Kaplan and Norton, (1992) and Keegan *et al.* (1989) stress the use of balanced performance indicators to enable businesses to identify measures and to concentrate on the path that will provide the current status of the business, such measures as financial and non-financial, internal and external of the business, effectiveness and competences measures position.

Another key finding from the survey is PM Model used, only 38 per cent out of 114 used TQM and the same 38 per cent use no model at all to measure business, and 16 per cent of the participants benchmark their business practices. These findings unveil that the survey is line with the interviews conducted, for example, 9 out of the 17 organisations interviewed had poor performance based on specific performance-related questions asked, 2 organisations had good performance measures in place which is fewer than expected and 6 out of the 17 are considered to have a better performance measures in place, here again fewer than expected. On that note, Porter (1991) declares that the ability to gain competitiveness is through differentiation of products or services itself within the industry. Applying this approach to SMEs is important regarding application which can only be possible through the use of PM Systems and models, such as TQM and benchmarking that will enable the organisations to compete effectively with their competitors and as one of the internal enablers.

The results show a strong link, indicating that inconsistency in implementing the right measures does have deterrent effect on organisational performance, for example, the survey result in the case of SMEs self-rating, 39 per cent out of 114 responded to have good rating, 39 per cent were neutral and failed to respond to this vital question, 11 per cent were very good, 10 per cent poor and 1 per cent very poor. This result is similar and supported with the interview and case study results; example, and case study 1 had poor internal process management which is vital to improving the rating, because when the business is effective

internally it is a reflection of good leadership which in turn increases rating; but the entire findings prove otherwise.

Good rating is essential for the SMEs and often leads to higher concession with lowest interest rate by the banks, in that the banks are able to price the product with associated risk (Nigam 2012). However, the result is contrary to Nigam's affirmation.

Again, in the case of cost measures, the survey result indicate that 70 per cent of the participants neither agree nor disagree, 20 per cent strongly disagree with use of cost measures and only 2 per cent agree with the use of cost measures. Cost measures is crucial to organisations survival, it must be reduced in order to increase output and profitability. Cost measures are key enablers which cover internal capabilities, resources, and strategy formulation, it is also an organisation's main objectives in meeting the needs and requirements of the stakeholders, maximize output at a lower cost measure (Ghosh *et al.* 2001). Also, Rubach and McGee (1998) declare that businesses should try to attain and exceed average on cost measures in order to preserve its cost leadership. On that note, the SMEs don't necessary need to have lower prices than their competitors as stated by Rubach and McGee (1998) and Reid *et al.* (1993), but they can still attain profits by selling the same goods as their competitor and earning a bigger margin per unit.

The results indicate that the SMEs do not motivate their employees, 56 per cent of the samples SMEs neither agree nor disagree with measuring employee's satisfaction and 31 per cent strongly disagree, while only 4 percent agree and 4 percent strongly agrees with measuring employee's satisfaction. Also, the interview result showed similarity with survey result, example, 8 out of the 17 organisations interviewed do not measure employee's performance, only 2 organisations used appraisal/review system to measure employees performance, 2 used sales/financial system, 2 organisations used time keeping and punctuality, that is if the employees turn up for work on time.

These results from survey and interview are compatible with that of the case-study which clearly indicates that the SMEs have poor performance measures in place, lack of planning and goal setting, the survey, interview and case-study findings are closely linked. As indicated in the conceptual framework, the internal measure is one of SMEs' key determinants based on sets of measure implemented to help the business achieve its

objectives and remain competitive. Porter (1991) declares that in order for organisations to achieve competitiveness, they must be able to differentiate themselves from competitors in the market.

Applying Porter's statement to the current phenomenon among the participating organisations, demonstrates lack of competitiveness as a result of poor internal measures implemented. Porter's concept is significant in relation to SMEs' strategies and ability to identify opportunities within the market based on their effectiveness, moreover, human resource is significant to SMEs' survival because they are involved in day-to-day business operation, should be fully utilised and must be measured from time to time. On that note, organisations often go through difficult times and during such period the employees are the resource that helps the organisation to excel through those difficulties. Barkham (1989) and Pollock (1989) state that one of the key success factors for SMEs is their ability to identify factors that will enable them to gain responsiveness on approaches and techniques of maintaining effectiveness during difficult times and should acknowledge talent and information gathering which can be regarded as success factors for their businesses. On that note, the lack of appropriate measures was also supported during interaction with organisation O & R regarding measures implemented.

To be precise, our performance is currently good, but it could be better. The politicians are making us smile through our contacts; we are often busy mostly during the festive period. This is when there are no returns and complaints from customers, and we deliver customer's order on time. By implementing total quality management (TQM), JIT and feedback systems in our organisation, it enables us to monitor what we do and how we do it; significantly our customers are important to us. We talk to our customers to get their honest views, on our services, and how we treat them; we also provide incentives to our customers; monitor our employee's attendance and reward them six monthly as a way of motivating them. Organisation O's proprietor

Our success is attributed to our client's royalties and patronised; these are the reasons why we are still in business in spite of the economic hardship in Nigeria. We are in the construction and development business, so we hire people with technical backgrounds who are committed to our organisation. We expect 100 percent from our employees because we reward them with bonuses additional to their wages, which we often pay on time to motivate them, and anticipate them to travel with to anywhere the company have contract. More

importantly, we measure our performance through a feedback system the company has put in place. Like I said earlier, our management team are people with technical expertise with good and previous management background; such expertise is useful to mould the employees in our company, but we could do better” Organisaion R’s proprietor

These proprietors’ statements illustrate significantly the benefits of talent or expertise as a key to business success; according to Wellins *et al.* (2009), organisation’s success in a competitive and complex environment is dependant on talents acquired with an understanding of the need to hire, develop and retain the acquired talents in order to achieve the anticipated results.

The survey result on key hindrance factors for implementing PM System indicate varied opinion, then again not surprising in the country’s context where many of the SMEs fail in their quest to conduct proper market research before starting a business. The findings in this area help shed some light into why many of the SMEs are failing after a few years of formation, for example 60 per cent of the sample organisations are saying that a PM System is not applicable to their businesses, this result is a worrying phenomenon based on the fact that, if you can’t measure you can’t manage it; Waggoner *et al.* (1999) support the use of PM Systems by SMEs due to its benefits which also lead to growth. This survey finding is supported with the findings of both interview and the case study and in line with earlier literature that underline the SMEs failures due to lack of consistency, knowledge and benefits on the use of PM System. Also, from Nigeria perspectives, many factors could lead to this finding; according to Stokes and Blackburn (2002) there is many existing factors that can lead to SMEs failures; these include finance, team management and managerial skills can be contributory factors. These emphasised factors by Stokes and Blackburn can be found in the survey, interview and the case-study results.

The result from customer’s satisfaction indicates another worrying issue, for example 69 per cent of the participating SMEs strongly disagree with measuring customer’s satisfaction in their organisation as a way of increasing performance, 18 percent disagree and 12 percent neither agree nor disagree with the use of customers’ satisfaction measures. The result is compatible with the findings of interview, case study and consistence with the literature, for example, Spitzer (2009) states that selecting right measures in an organisation is vital to transformational performance measures, meaning, what gets measures gets managed and what gets managed get done. This concept applies that through examination of activity forces

managers to pay attention to it with the application of sets of measures to help identify areas for improvement. According to Spitzer (2009) organisations have several things that need measuring such as customer satisfaction and ignoring them could be dangerous for the organisation.

In case of quality practice from the sampled SMEs, the results shows that the majority of the SMEs do not measure quality in their organisation, this result is supported by findings from the interview and case study. For example, only 2 out of the 17 organisations interviewed used quality measures and similar findings are present with the case study, which is not surprising as the SMEs operates in familiar similar manner. This finding is however alarming because quality management has been a key focus for many organisations over the years and as a means of gaining competitive advantage; in spite of this alarming finding it is in line with the literature. Moreover, Deming (1993) indicates that, in order for businesses to regain their competitiveness; productivity improvement drivers must be embraced which is evidently practiced in other country like Japan as key drivers use for competition. Also, quality management is classified as essential elements to use in delivering goods and services that meets customer's needs and don't fail during usage and without threat to human well-being (Duran (2004). Lack of quality management was expressed by organisation R as an issue affecting their performance, discussed above.

The result from the sampled SMEs on products, services and innovations introduction in to the market is compatible with interviews and the case study and in line with literature (Okpara 2011; Ihua 2009; Arinaitwe 2006). These findings indicate a lack of innovation among the SMEs in that region which can be regarded as a general phenomenon affecting other regions in Nigeria. A study conducted by Akinlo (2012) revealed that many SMEs in Nigeria have a formal education that could help the business owners excel, and many of the SMEs has been in business for over 15 years, however, it acknowledged that the new SMEs are on the decrease; also many lack innovation which could be attributed to internal inconsistencies as the reason for lacking innovation. Moreover, Warren and Susman (2004) state that the SMEs can achieve growth through provision of products or services to the market. In support of that Oliva and Kallenberg (2003) declare that organisations should look for ways to expand their service offerings in order to gain deeper access into their customer's value by offering extra competitive results that is vital for them to understand their customer's needs. These views are important to the SMEs which they need to introduce new products and services to the market and as way of gaining competitive advantage.

The result from the social responsibilities from the sampled SMEs indicates that many of the SMEs do not practice or have social responsibilities in their organisations. This finding yet again tallies with both survey, interview and case-study findings and is in line with the literature. The findings from the sampled SMEs indicate that 46 per cent of 114 SMEs neither agree nor disagree to social responsibility practices which are very high but nonetheless expected viewing it from the Nigerian perspective.

The social responsibility can only be effective if the government takes the lead in this area through stiff measures and incentives. Nonetheless, SMEs should be accountable for their actions and practices while operating and guided by business ethics. Equally, Lawal and Sulaimon (2007) named social responsibilities as organisational practice, intellectual and impartial apprehension that confines the business behaviour from ultimate critical practices regardless of the profit. Also, Ogbeuchi (1998) stresses that Nigerian SMEs must direct their focus on ways and practices in pursue of social responsibility that will benefit others and further relieved concerns like commitment to ecology and environment, customer's satisfaction and total quality commitment. These findings demonstrate that the SMEs are less involved in social responsibilities in their organisations and not at all contributing to community development and the environment.

In case of flexibility practice, the result shows that 71 per cent of the SMEs neither agree nor disagree with being flexible in their business practice, and not surprising, 12 per cent strongly disagree while only 10 per cent of the sampled SMEs agree with being flexible in their organisation. This result is in line with the literature and also tallies with interview and case-study findings. Being flexible will enable organisations to see things differently from their rivals, like have a balance measures in place to measure both internal and external of the organisation in order to gain competitive advantage. Example, the interview findings reveal that 7 of 17 organisations when asked to reflect on overall performance of the business and where they could allocate resources for improvement, these 7 organisations would like to reinvest in the whole organisation. It is an indication of awareness that the business is not meeting its objectives due to poor performance measure over the years.

The result is consistent with the literature which clearly indicates why the SMEs are failing after a few years of formation. Also, although the SMEs are able to survive most economic

turbulence due to their flexibility and being labour intensive, there still a need for government continued support for sector to maintain effectiveness (Schmitz 1995).

Similarly, Upton (1994) describes flexibility as business ability to react to environmental changes with minor cost and time. Others discussed flexibility into external and internal ability to meet customer requirements and to gain competitive advantage (Upton 1994: Lynch and Cross 1991). Therefore, these findings from the SMEs show that they lack flexibility which in turn hinders their ability to respond to the changing environment in which they operate.

Summarising, the discussion of results helped in revealing various performance issues faced by the SMEs and with application of mixed methodology help in triangulating the findings which is vital in meeting the research aim and objectives outlined in chapter one which these findings addressed.

The results revealed significant gaps in SMEs' performance, also majority of SMEs fail to adopt balanced measures in the organisation just as the prior conceptual framework outlined. The point is, it is importance for the SMEs to develop and adhere to specific capabilities that will enhance their performance and on the process a superior strategy can be formulated when the market changes. Also, it is importance for the SMEs to adopt these specific strategies, though some can be termed as essential key success factor (KSF) while others are general, however, proactive strategies require some degree of emphases on success, the SMEs must place some degree of significance in areas such as customer needs and satisfaction, mutual working relationship with between employees and hierarchy, availability of resources support and leadership as key success factors.

These discussions of results and triangulation of findings revealed and increased knowledge on what is measured and what is not, PM Systems used through data analysis by linking each methods and process indicated in figures 5.1 and 5.2. In the literature, many critics labelled SMEs as lacking performance, innovation and resources which this research has explored and discussed. Hence, various performance frameworks and tools and their suitability were previously examined to effectively appraise those criticisms, and essentially the literature of Ghosh *et al.* (2001) indicated that SMEs need to be resilient in a highly competitive environment in order to excel, as business success can only be credited to dynamism and some key success factors which the business managers are familiar with. Meaning that, the SMEs should implement simple, dynamic and balanced performance measures to

accommodate both the internal and external environment. Based on this concept, prior conceptual framework and the current findings, the researcher then developed an effective framework for Nigerian SMEs that is balanced and easy to adapt.

6.2 Comparing and Contrasting of Results/Outcomes from Both Survey, Interview & Case-Study (Triangulating)

As highlighted in chapter 4, the methodology, this research used mixed methods known as triangulation to influence the resolutions of performance measures as a single method would have not been sufficient to explore the SMEs' performance issues in the chosen location as highlighted (Denzin 1978; Patton 1990; De Vos 1998). In order to explore deeply the SMEs' PM Systems in northern Nigeria, a survey questionnaire was employed, which a total of 114 surveys followed with interview and case studies to help authenticate the findings (see figure 5.1).

There are strong indications based on the survey results that some SMEs used PM Systems in measuring business performance, however, the percentage is minimal which indicates lack of consistency and perhaps unfamiliarity with the benefits of PM Systems' implementation. But viewing it from Nigerian and African perspectives, the costs might be a reasonable explanation for majority of the SMEs not using PM Systems. These survey findings aligned with the interview results; evidently only two out of 17 organisations interviewed had excellent performance, meaning there are the only two organisations that are in sound business and financial position. In addition, the interview results indicate that six organisations have good PM Systems, for example during the interview interactions, some of the SMEs did acknowledge difficulties they are facing due to the economic crisis as quote;

Proprietor J acknowledges that business is in excellent shape through the adaption of appropriate strategies to help steer growth.

We have increased our performance due to the strategies we adapted to increase productivity, so I will consider it excellent due to these measures. Well, we have meetings with our banks quarterly, to assess our rating with them, our auditors generate reports and the managers put the reports together, which we then assess our performance to see how we are doing. We have a policy in place to train our staff and retrain them. Through this training we then assess how well they are doing afterwards.

Right now, we import about 80% of our product consumption in the ICT industry. We would have loved to manufacture some of this equipment and parts here in Nigeria to save cost and create employment.

Proprietor L, states that though the business is experiencing some hardship presently, they are able to diversify their investment, and redirect their expertise and resources towards other lucrative products.

Good, but could be better because compared to 12 months ago, business was booming; we had a lot of customers due to a massive construction of residential properties people were building then, but right now things have changed drastically. Financial measures through the turnover and production quality, when there are no returns and financial performance when we produce blocks for builders to buy, and people are buying them. Efficiency, turn to work on time; we also train new employees to perform like the old ones.

The above statements demonstrate that some SMEs performed well, some are just ok and some are struggling which can be linked with survey findings and in comparison with case study 1 finding, which revealed poor performance in this organisation. Issues like non-utilisation of competences associated with lack of employee motivation and satisfaction, these issues are contributing factors to this business poor performance; because according to Locke *et al.* (1990) organisations that set targets for their employees often perform well and are also a way of motivating the workforce through this approach, target setting can also be used to appraise employee performance and reward.

The SMEs self-rating result indicates similarities from survey, interview and case-study findings, in comparison the results are similar, apart from case-study 2 in which the business has effective PM Systems and efficient measures that successfully tailored for both internal and external measures. The business efficiency relates to good leadership; efficiently manage team and effective communication within the business. In principle, this business has good performance in line with McQuerrey (2015), who affirms that businesses can increase productivity, quality of products and morale when a team works well together on a particular project or in various departments. Also, McQuerrey (2015), state that when there are fights between teams, it hinders team spirits and decreases effectiveness. In comparison and based on the findings, case study 2 is compatible with survey and interview findings which show

that few organisations that have good strategies in place to help achieve good performance and in meeting the business objectives; case study 1 does not.

Based on the findings, for example, in case study 1, the organisation has poor internal process, lacks leadership, poor performance, no PM System in place to measure business performance, lacks planning, the employees are utilised and often not set objectives. These two cases are quite similar to some of the interviews and survey findings, also, the results indicate that only a few organisations have PM Systems and other measures in place and some don't. In contrast, few organisations have strategies in place and majority don't, just like the case studies. Furthermore, in case study 1, the findings indicates that the CEO operates alone even though he employed a manager; he does not share responsibilities or allocate jobs to his subordinates, as he should. According to Henri Fayol (1841-1925) a manager should have the required skills to manage, plan, forecast, organise, command and control, quite the opposite in case study 1, and some of the sampled organisations. Moreover, in the case of leadership, Cole (2004) asserts that a good leader should prioritise things, activities, needs, and be quick to react to situations in and out of the organisation.

The results indicate the opposite in many ways from the sampled SME, issues like leadership, poor management and ineffective teams to steer growth; according to McQuerrey (2015), organisations increase productivity, quality of products and morale when teams work well together. But contrary when there are fights among teams as it's hinders team spirits and decreases effectiveness (McQuerrey 2015). McQuerrey's (2015) declaration can be applied in both ways that is to case study 2 and other organisations with good performance measurement, good leadership, teamwork and good management team, also the findings indicate that the directors have good knowledge of the industry and expertise on business management; he planned, designed and builds the distribution centre with maximum utilisation and in a good location. Other similarities were also found between the methods, this include quality measures, self-rating, employee motivation and customers satisfaction measures. Comparing the findings of survey, interview and case study1, example, self-rating, if the rating is high or if the businesses pay attention to individual business rating, they will initiate corrective action plan to improve the rating, for example 67 per cent out of 114 organisations strongly disagree with the use of this measure to improve performance, this percentage is high compare to just 2 per cent that agree and strongly agree, and the fact that the same organisation was sampled and interviewed, the expectation are the same on each element of measure as indicated in results.

The findings are strongly linked with gaps found in the literature which has broadened knowledge on why the SMEs are failing after a few years of formation, the similarity in findings in the literature (Arinaitwe 2006; Oboh 2002; Okpara 2000; Wale 2000). Their research findings outline some of factors that influenced SMEs failures which include; lack of government support, lack of employees' motivation among other things. Okpara (2000) discusses the impact of SMEs' failures not only on the business owners but also on the society, the business fails, went burst or insolvent, the owner loses invested capital, employees lose their livelihood, the public lose the means of production, distribution of services and goods, the government lose means of revenue. There are overwhelming benefits and contributions of SMEs to economic development in the literature as in Nigeria, but still the government have not done enough to support the sector. Evidence of the SMEs lacking government support was highlighted during interview interaction with the proprietor of organisation B:

Well, considering this period it is a general knowledge of the situation here in the North, actually it has dropped every investment, you can barely find any organisation that is not affected by this hardship, is like eating from hand to mouth. I think briefly that cultivates the situation we are in Say 12 months ago, yes we were doing fairly well but as the day goes by things are really going down the drain. The fact is, we did not foresee this to adequately plan and put a strategy in place to help withstand the situation.

Basically, we are in business to make profit, it is when you make profit you can then spread it, but when you're operating on a strict and imbalanced situation, there are no way you will spread anything; but with the right strategy we would have been able to compete with our competitors.

This statement reaffirms Gholami *et al.*'s (2013) assertion that organisations' success is linked to various elements of performance. Strategy formulation significantly influences business performance and helps businesses to adjust when operating in a harsh environment. The SME sector in many of the developing countries is hampered by several factors affecting their performance and has been on the increase resulting from unfavourable and harsh economic conditions due to unbalanced government policies (Arinaitwe 2006). Interestingly, these discussions have similarity with the current research findings that can be link to the SME failures.

The results on cost measures and quality practices, in comparison have similarities on survey, interview and the case studies. These two key internal measures are regarded as organisations' key success factors as shown on the conceptual framework as SMEs key enablers that must be measured and should be effective to enable organisation compete and meet their business objectives. However, the findings on these two indicators shows that many of the SMEs have poor quality and cost measures, for example, on the survey 56 per cent of the respondents strongly disagree with quality measures, 26 per cent disagree, 16 per cent neither agree nor disagree and just 2 per cent agree to using quality measure in their organisation which is not surprising. This is similar to interview and case studies; only 2 organisations used quality measure in case study 2. However, these are contrary to Juran's (2004) quality concept who stated that quality management is an essential attribute to delivering goods or services that meets consumer's needs without failure on the process; and Deming (1993) declares that in order for organisations to recover their competitiveness, they must put in place a strategy to enhance improvement such as total quality management.

Moreover, in the case of cost measure, there are strong link on each findings indicating that the SMEs do not use cost measures, and quite contrary to Rubach and McGee (1998), who state that businesses should endeavour to achieve and exceed average on cost measures to maintain its cost leadership position in the market. Reid *et al.* (1993) affirm that organisations that focus on cost leadership strategy can attain profits by selling same goods with superior quality competitors; also Porter (1985) proclaims that it is essential for organisation managers to fully recognise the key cost drivers to help control the business position. Finally, Young (2009) states that knowledge management helps organisations to reduce costs and rapidly respond to market demands through a systematic approach

This statement demonstrates that effective management radically improves products or service quality, increases knowledge on customers, stakeholders, industry and employee needs. But the findings on current research demonstrate quite the opposite.

Summarising, these results on key performance indicators highlights their significance to SMEs performance, the conceptual framework developed indicates key success factors, performance indicators as enablers that sum up organisations' internal capabilities that must be measured in order to achieve the required results, aligning and reaffirming the gap in the literature. Through this comparison and contrasting the results and outcomes from the survey, interview and the case studies, it helped simplify and increase knowledge in addition to prior

data analysis, discussion and challenges facing the SMEs in the chosen region, and relating these performance issues with the developed conceptual framework, hence vital for an effective performance model for the SMEs.

6.3 Joint Summary of Findings – (Survey, Interviews and Case-Studies)

6.3.1 Introduction

Firstly, the prior section outlined the results and outcomes of the research findings, by comparing and contrasting each method that is the survey, interviews and case studies of this research supported with relevant literature and linking the discussions with prior conceptual framework to determine the SMEs performance based on the framework. Secondly, further discussions are carried out by outlining the overall findings from each approach to increase knowledge on SMEs' key performance determinants and to further clarify and validate the findings supported with literature.

The conceptual framework developed in chapter 4 outlines performance key determinants in SMEs which cover two key areas internal determinants; resources and strategies; and external determinants; competencies that relate to quick reactions to competition, shareholder satisfaction and growth.; these factors are the key determinants should be measure as the main enablers for SMEs. According to Gholami *et al.* (2013), organisation's success and failures linked with various elements of performance and process knowledge, which includes understanding, storing, acquiring, and implementation of knowledge. Therefore, these factors influence SME's performance which was identified and discussed below.

6.4 SMEs Performance Key Determinants

As mentioned above, the conceptual framework developed for this study identifies performance key determinants in SME's. This includes internal and ernal determinant competencies that relate to quick reactions to competition. These factors are the key determinants should be measure as the main enablers for SMEs as advised by Gholami *et al.* (2013), therefore, these factors influence SME's performance. In this study, specific factors are identified with similarities from survey, interview and case studies discussed earlier respectively. Similarly, table 5.2 above further presents some of the responses from the sampled SMEs; it shows un-coded responses from participants (see appendix 4 for full list).

Judging from the results and outcomes of interviews, surveys and case studies above; it appears that many of the SMEs have serious performance issues that hinder growth, and some are operating effectively through the implementation of various systems and tools that have successfully and effectively helped the SMEs to manage their businesses.

Several factors determine organisation's performance as outlined in section 7.1 & 3. These factors include internal and external determinants that cover wider approaches known as theory. Jackson (2000) declares that an organisation is a system that operates in a wider systemic environment. Interaction occurs within the system and exchange factors; hence the influence on internal and external performance of the organisation.

Therefore, further interview interactions are outlined below: according to Reynolds and Wineburg (1990), the research cases and events tend to get lost during the fieldwork, coding, preliminary analysis and write-up.

Based on Reynolds and Wineburg's assertion, representative quotes from the SME executives and managers are shown, and it illustrates the quantitative interaction covered during the interviews and for coded responses see table 6.3 and appendix 4 – table 4 & 5:

In regards to process measures, these are specific measures employed by SMEs to help direct focus in various areas in organisations that are vital to the business, that influence performance and growth. Such influences include all competitive factors with an organisation's readiness to respond to such competition.

On that note, this statement from organisation A's proprietor illustrates the readiness through team work and good leadership put in place to tackle all competitive factors and make strategic decisions to enhance performance. The proprietors were questioned on how they measure business performance:

We measure our performance based on productivity of the company; that is sales and the availability of products and capital based. As of six months ago, we were operating with five million naira, but I can now say that the amount has increased. It is not 5 million any more, that amount has increased significantly, indicating an improvement based on the company's good management team.

Proprietor A

According to proprietor A, a good management team significantly lead to an increase in profitability.

This affirmation indicates that employees are highly valued with same expectations, with standardised culture; while the senior and mid managers have shared values with the right measures in place to direct the business on the path to growth, and adapt to the environment given the situation in Nigeria.

A good management team in an organisation is possible based on effective leadership. SME leaders are the business owners themselves, given the structure of their business, and they are able to prioritise motivation among employees and increase morale among them.

Proprietor C “agrees with the above belief that good leadership steers business in the right direction.”

Proprietor J also agrees that a good working environment requires good leadership and efficient team management: “our employees are important to us; they help create wealth and prosperity for the business we appreciate their effort and reward them accordingly”.

Similarly, proprietor J acknowledges that business is in excellent shape through the adaption of appropriate strategies to help steer growth.

We have increased our performance due to the strategies we adapted to increase productivity, so I will consider it excellent due to these measures. Well, we have meetings with our banks quarterly, to assess our rating with them, our auditors generate reports and the managers put the reports together, which we then assess our performance to see how we are doing. We have a policy in place to train our staff and retrain them. Through this training we then assess how well they are doing afterwards. Right now, we import about 80 percent of our product consumption in the ICT industry. We would have loved to manufacturer some of this equipment and parts here in Nigeria to save cost and create employment.

Proprietor K agrees:

Our performance rating is good, not excellent, but good. We measure through feedback from our clients, our staff is measure based on punctuality to work, and the ability to complete their lesson notes and the impact they have on students. In every term, we pay the best teachers and best dressed staff some incentives for that, because

it encourages them to work hard and continue to maintain a good dress code. As an institution of learning, our employees are encouraged to adapt that approach. Another way is through their lesson notes; it has to be done every week. Sometimes we pay a surprise visit to classes to see if teachers have completed their lesson notes and also stick to school curriculum; that is our way of measuring performance.

Proprietor L states that though the business is experiencing some hardship presently, they are able to diversify their investment, and redirect their expertise and resources towards other lucrative products.

Good, but could be better because compared to 12 months ago, business was booming; we had a lot of customers due to a massive construction of residential properties people were building then, but right now things have changed drastically. Financial measures through the turnover and production quality, when there are no returns and financial performance when we produce blocks for builders to buy, and people are buying them. Efficiency, turn to work on time; we also train new employees to perform like the old ones.

The initiative to diversify business investment in organisation L is an indication of strategic thinking, creativity and illustrating an application of various business models that yield tangible results for the stakeholders.

In addition, proprietors in organisations O & R shares the same views with others regarding measure implementation.

To be precise, organisation O's proprietor declares,

Our performance is currently good, but it could be better. The politicians are making us smile through our contacts; we are often busy mostly during the festive period. This is when there are no returns and complaints from customers, and we deliver customers order on time. By implementing total quality management (TQM), JIT and feedback systems in our organisation, it enables us to monitor what we do and how we do it; significantly our customers are important to us. We talk to our customers to get their honest views, on our services, and how we treat them; we also provide incentives to our customers; monitor our employee's attendance and reward them six monthly as a way of motivating them.

In organisation R, the proprietor states:

Our success is attributed to our client's royalties and patronised; these are the reasons why we are still in business in spite of the economic hardship in Nigeria. We are in the construction and development business, so we hire people with technical backgrounds who are committed to our organisation. We expect 100% from our employees because we reward them with bonuses additional to their wages, which we often pay on time to motivate them, and anticipate them to travel with to anywhere the company have contract. More importantly, we measure our performance through a feedback system the company has put in place. Like I said earlier, our management team are people with technical expertise with good and previous management background; such expertise is useful to mould the employees in our company.

These proprietors' statements illustrate significantly the benefits of talent or expertise as a key to business success; according to Wellins *et al.* (2009), organisation's success in a competitive and complex environment is dependant on talents acquired with an understanding of the need to hire, develop and retain the acquired talents in order to achieve the anticipated results.

In summary, the exceeding interactive analysis issues from the sampled SMEs demonstrate the significance of organisational internal measures implemented by the SMEs to enhance efficiency including team, management and leadership. This is because in their business these measures brought success to their businesses. Given this position, a successful SME has the following features:

Flexibility; they adapt quickly to the changing market demand and supply situations. The proprietors should have the ability to adapt or diversify investment to keep the organisation afloat.

Information and knowledge; a substantial percentage of SME activities may be in the informal sector, for which there is no dependable information; hence, knowledge is the key to success in this aspect.

Measures implementation leads to substantial changes in the organisation, such as culture and the team being compatible with the measures to encourage bringing the required changes. Team building and motivation enhances business growth, as declared by proprietor K.

Organisational growth and profitability are generally viewed as having the right talents and measures with leadership to co-ordinate the business activities, and pledge for a brighter future for the stakeholders. Such pledges include R&D, technology, and strategy formulation to help the business adapt to a given environment.

The study found that most SMEs do not have quality and cost measures in place; customer and employee satisfaction are not treated as key success factors that can lead the SMEs to growth. Lack of flexibility was also uncovered. In a competitive market, an organisation's flexibility and customer's satisfaction are important if they are to compete for a leadership position within the market, and are vital criteria for order winner in the market.

Slack and Lewis (2008) argue that the success of organisations depend significantly on several driven factors that will entice customers to purchase such product or services, and warned organisations to treat these factors as top priority. Similarly, concerning customer and employee satisfaction flexibility and social responsibility are mutually exclusive. However, many of the SMEs are not paying attention to these factors as major growth enablers as observed in the results from the sampled SMEs.

6.4.1 Appropriate Strategy

An organisation's strategy is termed as the most critical success factor that influences the organisation's performance. According to Gholami *et al.* (2013), an organisation's success is linked through various elements of performance which many researchers in recent times have tried to outline.

Many of the SMEs in Nigeria are faced with the challenges of immense development in technology, which in turn hinders their business performance and growth. Embracing these technologies is an issue for many SMEs, due to limited ability and resources; hence, a good strategy formulation requires an organisation's unique ability and competence for internal and external environment that are critical for the SME's success.

Based on the data collected from organisations (A, C, D, I, J, K, N and Q), it shows that these SMEs are on the right track, meaning they are heading in the right direction through implementation of various systems, models, and the acquisition of talents that strategically influence their performance management. The data further revealed that as some SMEs are progressing, the executives discontinued with the systems and models already in use or have

been implemented, suggesting certain factors could be responsible for this, which gave rise to business liquidation.

Such issues are reflected in the proprietor of organisation B's statement:

Well, considering this period it is a general knowledge of the situation here in the north, actually it has tumbled every investment, you can barely find any organisation that is not affected by this hardship, is like eating from hand to mouth. I think briefly that cultivates the situation we are in Say 12 months ago, yes we were doing fairly well but as the day goes by things are really going down the drain. The fact is, we did not foresee this to adequately plan and put a strategy in place to help withstand the situation.

Basically, we are in business to make profit, it is when you make profit you can then spread it, but when you're operating on a strict and imbalanced situation, there is no way you will spread anything; but with the right strategy we would have been able to compete with our competitors.

This statement reaffirms Gholami *et al.*'s (2013) declaration that organisations' success is linked to various elements of performance. Strategy formulation significantly influences business performance and helps businesses to adjust when operating in a harsh environment. Based on the interview data, 9 out of the 17 SMEs are facing some hardship attributed to lack of implementation of performance measures, good leadership and strategic management. The lack of these elements was uncovered in organisations B, E, F, G, H, L, M, O and P, as having poor performance with an uncertain future. For a summary of their responses, see table 8.1- IQ09, IQ10 & IQ11 and appendix 3.

Gholami *et al.* (2013) supported the need for organisations to practice knowledge management, take action such as organisational learning process, culture and strategies regarding the organisation. Secondly, Bhatti and Qureshi (2007) suggest that organisations should explore explicit knowledge of individuals and groups, convert its organisational assets, and integrate them into various levels of decision-making.

Based on these assertions, systems and models are assets for the poor performing SMEs and should systematically be developed and implemented to improve efficiency and effectiveness for a long-term goal. However, as mentioned earlier, the data gathered proves the opposite. Darling (2007), states that a successful entrepreneur should create a robust process that

generates value for organisational stakeholders. This includes products, services and innovation.

6.4.2 Core Competences and Strategic Alignment

The interviews conducted revealed core competence is essential to SME's performance. Many agree to not having the resources to invest or reinvest in technology and strategic planning, is similar to one of the case organisations studied of lacking core competence and strategy implementation in the organisation, and is therefore unable to operate effectively. According to Prahalad and Hamel (1990), an organisation's distribution of its resources with strategy is through recognition and exploitation of the business core competences.

Proprietor E states that:

Business is not really booming in the past 12 months due to renovation in the building; the cyber café is no longer lucrative due to the latest technology. The technology has slowed our business performance. Not good.

This shows lack of investments or re-investments in this organisation; the proprietor did not foresee or predict the harsh environment in which they are operating presently. They failed to develop core competencies that can withstand the test of time. This is something unique that is difficult to imitate by others, therefore leading to superior performance. Notwithstanding, organisation E is not alone; there were others in similar poor performance situations as indicated earlier.

Similarly, proprietor F declares:

We are in the photography business and it becomes necessary for us to identify few challenges such as technology and finance. There are various components where people want their picture taken and cheaper also. Finance is the biggest challenge we are facing; the photo business reflects on the excess in the economy, as people are mostly concerned with the essentials before thinking of taking pictures.

The competitiveness of businesses is no longer industry-driven but by variety, generated by organisations (Dyer and Singh 1998). The values of these approaches were demonstrated through the identification of three essential core competences, which includes innovation, marketing and delivery (Rangone 1999).

The surveys and interviews conducted were designed to collect data regarding these core competences known as variables regarding SME's performance. The core competences that this study investigated in the sampled SMEs includes; education and training, job exchange, appraisal and motivation. Each of these variables gives SMEs strategic advantages if implemented. Education and training enhances skills, experience and confidence that helps to increase the output; appraisal and motivation gives rise to rewarding employees for their hard work and teamwork; co-operation and hoping for the business growth. Similarly, other vital competences include; resources capabilities, managerial skills, research and development (R&D) were investigated and deemed poor, as revealed in the data collected.

Combinations of these competences, if maintained will help to increase SME's competitiveness. Like the resources, developing a network would improve knowledge and skills through this network building, and can led to investors investing interest in the organisation. These factors can lead to the SME gaining access to other resources such as finance and expertise.

The data also revealed that any core competence should align with the organisational strategy for the business to succeed; SMEs need to formulate the right strategy in parallel with its core competence. However, 9 of the 17 SMEs interviewed are in a critical state faced with a possible closure due to lack of core competencies, see table 6.2 for summaries of measures and section 6.4.2 cross case analysis.

Lastly, an organisation's core competence should be multi-dimension; this includes the ability to make strategic decisions, strategic planning, the ability to lead, managerial skills, networking and scope; and creates an enabling environment for external investors. The ability to generate exclusive resources is beneficial to the business; as such, influence or expertise that can be used to generate a revenue base for the organisation due to its uniqueness and difficulty to imitate.

6.4.3 Internal Process Management

SMEs is known to be small in structure with fewer departments and less bureaucratic to deal with; this makes the internal process more manageable than larger organisations; however, many of the SMEs seemed to have ignored this vital factor as a key determinant of business success.

Sincerely, our business is not as it was last year, people are not willing to buy goods or spend money on things due to the recent crisis, and overall last year was better than this year, but not good, I should say.

- Proprietor G

This proprietor statement clearly illustrates his inability to develop core competences to sustain the business during hard times, Ahuja (2011) declareds that in order for organisations to stay alive during turbulent times, they must innovate. Lack of long-term planning and economic feasibility and analysis lead SMEs into uncomfortable territory, as experienced by proprietor G.

As earlier mentioned, innovation enables organisations to remain competitive; Pichard *et al.* (2008) describe innovation as the backbone of business, and advises organisations to embrace innovation initiatives to develop the cutting edge to sustain and achieve competitive advantage.

Similarly, proprietor H declares:

Well, our performance is improving daily, due to the economy situation in Nigeria now; however within this constraint; we are able to deliver services to our clients compared to 12 months ago, and we are trying.

Therefore, such innovation must address areas like financial performance, customer satisfaction, and internal business process development that encourage organisational learning and growth. Many of the SMEs agreed to this assertion.

The process develops around cost measures put in place and their effectiveness. The current economy situation in Nigeria is one where the cost of living is expensive, and the average income per household is lower than what it was 5-10 years ago. This diminishes their purchasing power, as most people focus mainly on the essentials; which in turn affects businesses. Many have experienced significant customers due to this factor; these factors were widely experienced during the interviews.

For example,, proprietor M was asked to describe his organisation's current performance in comparison to the previous 12 months: "Not that good due to the current economy situation in Nigeria, people tend to spend more on essential goods such as food and most needed goods, based on that, clothing might come second or last".

Proprietor M's statement reflects the downward situation within the business due to lack of planning and inability to utilise the business resources to innovate, as Farsi and Toghraee (2014) advised.

The key objective of internal process management is to help SMEs improve on customer services and enhance business insight (Perry 2005; Fu *et al.* 2001). It also enables SMEs to monitor and optimise different business processes such as reduction in material waste, quality management and cost; and other tools that can be integrated into the system to further improve output (Winebiz 2006).

6.4.4 Resources Maximization

SMEs are widely known as major contributors to employment generation and leaders in a global economy development (Kraja and Osmani 2013). Resources are of various kinds that SMEs can deploy to achieve justifiable competitive advantage with rivals and stay in business continually.

Generally, an organisation's resources are often viewed in two perceptions; for example intangible and tangible; tangible relates to the physical resources used by organisations to commence business, while intangibles are the non-physical resources deployed by organisations to commence business. This includes expertise/skills, distributors and suppliers (Mills *et al.* 2002). As discussed above, 9 SMEs failed to fully exploit their tangible and intangible resources for their benefit, see the coded responses.

Wernerfelt (1984) examined resources and returns for organisations and declared that resource should be explored from the business standpoint instead of the product. Wernerfelt settled that resources including brand names, trade contacts, efficient procedures, skilled personnel, machinery, technology and capital; underpin organisations achieving and sustaining competitive advantage position.

Similarly, resources remain the key factor for SME's performance, which was widely revealed during the interviews with the proprietors and managers, which they agreed to be a major hindrance; they also agreed that with sufficient resources, businesses could excel in performance. Based on these SME's assertions reflected on the overall performance of the SMEs; 8 out of the 17 interviewed SMEs have better performance with good future

prospects, while the remaining 9 are struggling, resulting from some of the factors discussed in various sections within the chapter.

6.4.5 Innovation and Competitiveness

Judging from the data collected many of the SMEs lack innovation, and limited resources for research and development (R&D). Some of the SMEs interviewed widely express their desire to invest in technology because they believe that it is the right thing to do and for the benefit of their business growth; while many others would like to improve on existing ones to increase productivity to attract more consumers. Technology highly influences performance, which many of the SMEs failed to keep track of the changes as they unfolded.

Example proprietor F declares:

We are in the photography business and become necessary for us to identify few challenges such as technology and finance. There are various components where people want their picture taking, and they are cheaper. Finance is the biggest challenge we are facing; the photo business reflects on the excess in the economy, and people are mostly concerned with the essentials before thinking of taking pictures.

This statement illustrates lack of innovation; it reflects no planning as technology innovation advances.

Moreover, Becheikh *et al.* (2006) states that innovation is one of the main factors in an organisation's competitiveness, and is unavoidable in order to advance and maintain the organisation's competitiveness while gaining entry into a new setting. Subrahmanya *et al.* (2010) also declared that in comparison of other organisations, SMEs are more flexible and adaptable than the rest; hence, they are in a better position to advance and implement new concepts. This is in line with earlier views of Harrison and Watson (1998), declared that due to the flexibility of SMEs and their simple organisational structure, there is less risk and approachable features should expedite them to be innovative and learn through the process.

Based on literature (Becheikh *et al.* 2006; Subrahmanya *et al.* 2010) proprietor F along with 8 others failed to strategically plan for their organisation's competitiveness through implementation of measures to adapt effectively during in any given situation.

Subsequently, the above discussions from the interview conducted demonstrate the interactions extracted from the SMEs as key themes of success factors linked to issues and challenges; where they faced crucial challenges to business performance and management.

Therefore, the first set of thematic analysis (see section 6.4 and table 6.3), while these themes of measures and that inspire performance discussed as follows:

Core competence; is an important element that enhances long-term growth, creates a competitive advantage and sustainable development. The core competence also enables the SMEs to survive the test of time, product development (R&D) and effectively manage distribution channels. It helps foster skills of integration and pursuing of internal management strategies, as witnessed within the performing SMEs. For example, proprietor Q who is into Building, Renovation and Boreholes business, and has 104 employees states: This is a technical field, so for that we expect all our workers to have the basic skills and committed to work and travel to where we have jobs to do

We pay them out station allowances to enable them look after their families, feed, clothed and keep their children in schools while away on official engagements. On the business side of things, we make sure we deliver on our promise, making sure our workers are happy and other directors are well informed of any issues with our customers.

This statement demonstrates how the organisation motivates their employees through incentives of outstation allowances as a sign of appreciation to the workers for their good work and commitment to the organisation. This sort of approach is seen as investing in the employees as they help create wealth for the organisation. As a highly innovative organisation, the management trust employee's expertise to get the job done effectively for their customers, as promised.

The proprietor believes in R&D through acquisition of highly skilled workers and the hiring of the latest equipment in the market to carry out their operations.

Moreover, when asked where he would allocate more resources to improve performance, he declares, "On machinery, because we often hire them anytime we have big jobs".

Innovation; is an important strategy for the SME's with specific features, such as market innovation where products are marketed directly to the consumers. By cutting out the intermediary, saving cost in the process, technology innovation focused on being first in the market with new product; process innovations focus relentlessly on cost reduction, which

attracts consumers within the niche market, with excellent services help to boost performance.

In spite of innovation being part of the process development for the SMEs, however, many SMEs fail to acknowledge this key factor. For example, proprietor B, who operates in the IT sector, represents major airlines and sells tickets to customers on behalf of the airlines. The organisation has large customers based, they customers often visits the office when they planned to travel; however, with the latest technology people can book their flight through the internet and this has caused a significant decline in the number of people that visit the ticket agent.

They could not keep up with the pace of change in IT technology over time, so for this reason they are facing tremendous difficulties. The proprietor had failed to take appropriate action at the right time to keep the business afloat, by innovating and investing in modern technology or diversifying the business.

On the other hand, proprietor A perceives things differently and has the right measures in place by implementing PM systems and models to monitor their performance and adjusting, when the need arises.

Communication; lack of effective communication seriously hampered SME's performance resulting from poor infrastructure, privatisation of various government institutions and non-investment from the state and federal government, which further hindered SME sector performance.

However, in spite of these difficulties, some SMEs still flourish; for example, proprietor C declares, "We measure our performance through feedback and responses from the students. We also have yearly training, the number of people that register for training, the numbers of contract work we have on different occasion and the total sales; enable us to know our performance".

The feedback system put in place in this organisation helps in creating awareness for the management, through efficient communication with students to know where improvement is needed within the college.

The proprietor C also declares:

We are a skills acquisition centre and have trained various skills over the years. Our targeted audience are the youths, we assessed our students through NYSC, and we source for their responses while registering their training. In comparison to the past two years, it is now better I believe, because the federal government has made the skills acquisition compulsory for all the youth co-ops to have the necessary skills through training while in the camp.

The government initiated and credited programme is what we are doing. We also get quite a good number of youth co-ops who are interested in training with us through this government programme. Our business also involves sales and marketing; we undertake contract weddings, organise seminars and decorations. This line of business keeps us busy all year around and has increased compared to the last 12 months.

A communication system is an important aspect of SME's infrastructure, which they need to organise to an extent and improve collaboration, efficiency and customer service competitiveness with cost reduction. Effective communication would certainly support the SME sector to new heights.

Strategy; there is an overwhelming view that SMEs suffer from limited finances, which affects their operations. This further extends to lack of vision, which also limits many from tapping into market potential. Aligning business mission and vision with corporate strategy will foster long-term prosperity for these SMEs. It will further help the SMEs to realise their operational and financial objectives.

Proprietor D agrees and declares that strategy is vital to their business growth that influences performance. Strategy formulated is, based on organisation's core competence aligned with operating environment.

Here in our company, we often check and upgrade our strategies through feedback we received from our customers and business partners. We frequently review our staff performance through face-to-face discussions and feedback forms in order to identify any lapses on both management and staff. Our strategy also involves the training of our employees to be competent on IT facilities, train our business partners employees free of charge as an incentives and leverage and our business is growing.

- Proprietor D

Similarly, an SME's mission should explicitly define all business undertakings such as market and core competence, and the vision should entail future intensions and business assortments aligning with overall planning processes. SMEs should adopt a simplified strategy that is actionable, measureable and dependable, and implemented to enhance performance.

Stakeholder's satisfaction; by virtue of SME size and limited capital, and most enterprises are family owned and stay that way; while many have few owners and often operate to attract external investors This has led to many focusing on satisfying their stakeholders that are influenced by the achievement of SME objectives.

In organisation I, the proprietor agrees with satisfying the company internal and external stakeholders. The satisfaction is necessary in that they must be rewarded; through returns on their investment. While the employees who are the internal stakeholders are also rewarded as they help create wealth for the company.

The proprietor declares:

Well, we have meetings with our banks quarterly to assess our rating with them; our auditors generate reports to help managers assess our performance and prepare a report to other directors/shareholders. The company has a policy of training and retaining; this gives us the opportunity to assess how well they are doing afterwards: Right now, we import about 80 percent of our products consumption in the ICT industry. We would have loved to manufacturer some of this equipment's and parts here in Nigeria to save costs and create employments.

- Proprietor I

This organisation leadership acknowledged the importance of stakeholders and strives to satisfy them; stakeholders have underlined expectations from the business that must be met at the end of each financial year. These expectations are judged through business performance.

Building a viable business is one of the main characteristics of the SME that is desirable for all stakeholders. Though the needs, wishes and group of stakeholders vary in every business, this aspect must be monitored, as they are equally important to the business.

Team management; is vital for SME's efficiency and for managing both internal and external operations successfully. Regardless of the hierarchy, team building and management often seen as the best way for a business to achieve its targets, which would have been impossible for a single individual to accomplish. Given the flat structure of SME's with fewer personnel, it gives SMEs the unique opportunity to build a dynamic team and culture to focus on a shared goal.

In organisation Q:

The management has shared goals through team building to achieve the business objectives; they recruit talent that are people with engineering background in order to accomplish the business objectives. The enterprise is into house development, road construction and Borehole for local communities which contracts are awarded from the State and Local Government, and all jobs are completed on time as expected.

Lastly, in order for SMEs in the Nigeria Northern region to truly flourish, the SME proprietors and managers must strike a balance regarding the roles and responsibilities, and take advantage of member's strength to increase the business performance for long-term growth.

6.5 Performance Determinants Comparisons

6.5.1 Introduction

This section further discusses the key determinants of performance in relation to two earlier case studies in organisations outlined, the rationale is to illustrate the performance measures and determinants lacking and present in the case of organisations, based on earlier conceptual framework in section 4.9.

Atkinson (1990) advised that the strategic alignment of a firm is crucial to its performance. Based on that, the appropriate alignment of strategy will enable assessments to be carried out and to draw sufficient conclusions between the two organisations as to why one was performing efficiently and the other was not. See tables 5.4 & 5.5 for case study analysis.

6.5.2 Factors Constraining SME Performance

The contributions of SMEs in the development of the northern part of Nigeria and the global economy cannot be underestimated, and has generally been acknowledged in many publications. However, many of the SMEs are faced with numerous difficulties, which further hamper growth (Okpara 2011).

Arinaitwe (2006) also declared that the study of SME development has revealed many failures in the developing world, which are higher than that of developed countries. Arinaitwe also argued that researchers should fully understand the impact factors facing SME development in Africa because they are uniquely diverse from the rest of the world.

Factors constraining SMEs performance according to Arinaitwe (2006) include:

Strategy impact; this involved a lack of SME operators and managers to effectively compete with others, especially when similar goods or services are involved; this significantly hindered performance.

Operating impact; involves resources allocation and management of such resources efficiently where when the need arises, such as marketing and advertisement, operations and inventory management.

Administrative impact; relates to focusing on internal organisational structure and its capabilities to strategically use these capabilities to the businesses benefit; this includes networking to attract external investors, experts and other management issues.

External impact; this relates to the poor infrastructures, privatisation of various government institutions and services to private firms for profit making, which SMEs pay higher price for such services i.e. electricity; corruption and low demands for various goods due to unavailability of disposable income by many households.

These constraining factors have been discussed in section 6.5.2 and chapter 9: table 9.1 factors that hampered SMEs performance and growth investigated in the northern Nigeria.

Table 6.0.1 Critical Success Factors Summaries

Success Factors	Interpretation
Innovation/Learning	Innovative approaches; new production development, flexible in adapting to new market/situation and training of employees
Strategy and Alignment	Clearly defined programmes that relentlessly target the market, customers and products in superior form than competitors, periodically review the existing strategy, change when necessary to align with the business progression. Ability to placed product in the market, create and add value better than competitors
Resources	Financial and non-financial resources, effective use and transformation of ideas to asset, managing employees and team, effective creation of distribution channels and network to attract investors and experts to boost performance
Internal/External Processes	Strategic management of required and necessary changes in product/customers' requirements, ability to deliver on promises, implement and manage quality as part of the business process, continually in support product and services to achieve superior performance than competitors.
Measures	Ability to use the available resources to achieve business vision and mission, ability to scan the environment for opportunities either to improve on existing /new product, strategically collect available information process to support business decision making, set criteria for measuring and set target, hire skilled employees and develop tools to appraisals their performance and reward accordingly.
Competencies	Strategically monitor changes as they unfold in the sector and with competitors, quick reaction and services to customer's needs and satisfaction, ability to manage business tangible and intangible resources
Leadership/Team Mgt.	Strategically leading the business through time and making some tough decision to improve performance, implementing changes measures, position the business in a unique state with dynamic team and culture based on shared vision.

6.5.3 Importance of Performance Determinants for SME

According to Levy and Powell (2005) several factors exist that influence SME's effectiveness in our modern economy, and the ability to fully utilise the available resources to enhance performance.

Zvirblis and Buracas (2012) also assert that an entrepreneurship possesses economy-oriented knowledge as an essential progressive features as a determinant. Zvirblis and Buracas also named other features of SME performance determinants, which include value added and creation, formation and utilisation of intangible resources, competitiveness and consistency in responding to social responsibilities in the organisation.

The key features of performance determinants were investigated during data collection covering various performance indicators to help determine SME's effectiveness; what is

being measured, against what from the data collection, known as the variables and the overall responses are analysed, interpreted and discussed above. See appendix 4: table 7.4 & 7.5.

6.5.4 Discussions – Key influence on SME Performance Investigated

The preceding section broadly outlined responses from the SMEs sampled through a descriptive statistical approach, equally, this section further discusses some of the internal measures employed by the SMEs that influence performance; in particular, such key factors and elements of measures which includes:

Cost → range of costs like management, production and distribution cost incurred by the SMEs often have deterring impact on turnover and growth require short and long-term plan for reduction that significantly influence SMEs performance for the stakeholders.

Quality → in recent times quality has appeared as a strategic tool for organisational success (Wilkinson 2002), also organisations cannot ignore business implications of quality surrounding its competitive position (Rohitratana & Boon-Itt 2001). This assertion illustrates the importance of embracing quality initiatives that will help improve competitive position of the SMEs.

Customers and employee satisfaction → according to Chen *et al.* (2006) scholars and business managers have stressed the prominence of customers and employee satisfaction as influences on organisational performance. They help create wealth in an organisation and their satisfaction and motivation is important for SMEs performance and growth.

Social responsibility → the rise in globalisation has also brought about rise in interdependency among nations and organisations. Even the recent financial crisis further impacted organisations on an international scale and a call for the need for businesses to be socially responsible.

Corporate social responsibility (CSR) helps build business reputation and give rise to competitive advantage which is particularly useful for SMEs with limited resources. Business environment changes due to turbulence, which increase the need for SMEs to adapt to this changing environment. Corporate and Social Responsibility (CSR) undertakings are significant for the stakeholders during period of uncertainty. SMEs adapting to this environment increase their competitive advantages, likewise performance.

Flexibility → Nadkarni and Narayanan (2007) classified flexibility as organisations' ability to adjust to, and even anticipate, environmental changes through alteration of the business strategy. SME flexibility will help them to respond faster to business challenges in a reactive or proactive manner; it will enable them to manage threats in their businesses. Johnson *et al.* (2003) claim that proactive flexibility illustrates capability to predicted changes within the environment. SMEs ability to competently respond to such changes is evident in their competencies.

Customer services → Deshpande *et al.* (1993) declare that putting customer's interest first before other stakeholders increases profitability and enhances SMEs growth, operating customer-led enterprise in an essential component and also form fundamental organisational culture and their needs, beliefs and values should be SMEs' focus. Since the SMEs are smaller in size and closer to customers, focusing on needs and customer's requirements would directly improve performance with employee involvement. Also, based on the competitive environment in which SMEs operate can result to unjustified demands from customers like products quality, services and satisfaction. Therefore, developing and maintaining a superior base is vital to gaining competitive advantage and surviving in a tough and uncertain environment.

Introduction of new product/services to the market → According to Day (1994) a prosperous product/service innovation requires organisations to maintain principles, processes and behaviour that will enable them to construct and deliver greater customer values. Therefore adopting this approach will enable SMEs to learn and solve problems, while meeting internal and external demands like products or service requirements from the customers, need for new product introduction, competition and market demand. The capacity to recognise the market demands, deploying their resources into new product development will differentiate from their rivals. According to Connor (2002) organisation's ability to utilise its resources like knowledge, intangible, tangible, skills, perceptions and products reputation will have a positive impact on performance.

These elements of measures outlined tend to have substantial impact on SME's performance and reflect on direction and good leadership (see appendix 4).

There are several reasons why these internal measures are important for SMEs. Behn (2001) states that business manager's decision-making is developed through several basic decision-

making issues involving budgeting, improving and allocation of resources to improve future performance.

Good performance is recognised and motivates improvement, and promotes stakeholder's desires and encourages opportunity to learn, while modification of existing programmes gives rise to good leadership. Based on the response from the sampled SMEs, it appears many lack adequate control, managerial competencies and employees are not rewarded for their hard work, and also, lack cost control and flexibility that are essential to competing in a given market. Poor customer services prevent higher turnover on sales through poor peritonised, because once the customers are not happy they are prone to going elsewhere to seek the same products or services.

Figure 5.11 cost measures shown, is another indication of such management and lacking's, as nearly 60 percent of respondents neither agree nor disagree to having cost measures within their organisation, and figure 5.15 shows that respectively on quality measures.

As shown in table 5.2: chapter 5, the respondents from the conducted survey; the frequency table shows 114 representing the overall of number of participants in the survey, for which nominal scale instruments were used in collecting small samples from the subset population. The rationale rests upon descriptive statistics involving continuous variables; the variable relates to various performance measures as shown in the first column in table 7.4 appendix 4.

Past and present researchers used descriptive statistics to explain categorical variables and frequencies to indicate overall responses. Each group of variables has its significance with percentage representation regarding performance measures employed within the organisation discussed.

Similarly, data collection and analysis are discussed, and the research data rests upon mixed methodology, which greatly increased the study's reliability and further enhances interpretation of significance of the study findings. Significantly, each figure shown has a percentage representation of overall response from the sampled SMEs, and in the appendices. Finally, as deliberated above, the key factors that influence SME performance. Besides, in chapter one the research aim and objectives were presented, therefore, in order to establish if those aim and objectives are met, the next discussions are offered to address any such doubts.

6.5.5 Establishing How the Aim and Objectives Was Achieved

This section establish the approach the researcher took to achieved the research aim and objectives discussed in chapter 1, section 1.3. The research design applied mixed methodology (triangulation) in line with Creswell's (2013) approach, in order to ascertain the true picture to why the SMEs are failing, the triangulation methodology was needed involving the use of survey, interview questionnaires and case study to facilitate the process (Collis and Hussey 2009). This mixed approach addresses the objectives from a practice standpoint, also presents insight for improved PM Systems for SMEs' performance management.

Objective1: *To investigate the causes of SMEs failures as highlighted in the literature with application of questionnaires to unveil the issues that affect their performance.*

This objective was achieved through the designed and development of research questionnaires instruments, test and used in collecting information from SME owners and managers in the northern Nigeria, this is in line with Robson (2011) and Hair *et al.* (2007) concepts. Information was collected from the participants with application of survey and interview questionnaire instruments with further use of two case-studies to help revealed how the SMEs in northern Nigeria region managed their business operations and measures put in place (Campbell and Fiske 1959; Webb *et al.* 1966; Denzin 1978; Boyed 2000 and Creswell 2003) (see section 4.6).

The questionnaires were designed to tackle specific performance measure-related issues for greater understanding the causes of SMEs failures after a few years of formation as indicated in the literature which has been addressed.

The basis for triangulation was to validate findings from each approach with another, i.e. the survey findings with interview findings and case studies. It helps to broaden the scope of the research, enhance awareness and reasons for the SMEs failures, and also helps to accomplish the research objectives (Robson 2010).

Objective 2: *To critically evaluate the PM Systems used by the Nigerian SMEs to help gain insight into what is measured and what is not.*

The research achieved these objectives through collection of information from the participant's organisations. Questionnaires methods were employed which is line with

Robson (2011) concept, to gather information from the SMEs regarding their current business performance measures, systems and framework in used. According to Oppenheim (2005) and Robson (2011) there are various methods available for a researcher to increase response rate of sampling (see section 4.9.5).

Prior to embarking on collecting information as discussed above and in chapter 5; the research took the necessary approaches to ensure the right questions were asked, eliminate any bias and to help reveal the PM Systems used by the Nigerian SMEs, and to further gain insight into what is measured and what is not, this is in line with Spector (1992) and Robson (2011).

To facilitate this process, **(i)** sets of questions were formed through literature review on performance measures, systems and management, **(ii)** the research adopted and modified sets of questions from prior studies on SMEs performance measurement and management of (Wu 2009 and Ngu 2005), which the researcher found to be compatible with this research (see appendix 2).

The researcher further embarked on tests to ensure that the developed instrument's suitability, reliability, and consistency and making sure that the questions were not leading in line with Burns and Grove (2005) and Spector (1992) concept. Also, various performance measurement theories and framework were examined to determine its appropriateness and previous usage, this approach led to conceptual framework being developed for this study (see section 4.9.1).

Moreover, through this approach, the research subsequently adopted a 5-points Likert scale and incorporated it into designed questionnaires. Interview questionnaires were developed based on extant literature and modification of previously SME research questions which the researcher find useful and applicable as mentioned earlier.

The developed questionnaires went through pilot study as a prerequisite before conducting the main study to unveiled SMEs performance related issues based on the reviewed literature, this approach is line with Van Teijlingen and Hundley (2001) and Burns and Grove (2005). For further clarification see chapter 5, section 5.3-5.5 & chapter 7, section 7.2 onward regarding data collection, analysis and discussions.

Objective 3: *To examined various performance measurement systems, frameworks and theories to determine its suitability for the SMEs usage in order to make appropriate recommendations base on the findings.*

Information collected through the administered survey questionnaires were processed into data with the use of Statistical Package for the Social Science (SPSS), analysed and interpret same into a readable report format to help increased understanding to why some SMEs used PM Systems to measure and managed business performance and why some don't. The analysed data revealed many factors affecting the SMEs that led to their failures and non-performance.

Those factors were; (1) investigated as variables in three stages namely, survey, interview and case-studies, known as mixed or triangulation approaches, (2) the variables were transcribed into readable format in figures, tables and (3) discussions were also carried out on each of variables outlining the issues as shown on each table and figures. (See chapter 5&6, and appendix5)

Data source triangulation; this study employs information and data attained through primary study, the results data compliments one another with application of multiple sources these includes; *survey data source, interview data source and case-study data source*. These data sets were interpreted with application of descriptive statistics for ease of understanding and increase credibility. For data collection, sources and discussions (survey: see chapter 5, section 5.4: figure 5.6 – 5.19; interview: see section 5.5 & Quantitative discussions and Case-studies: see section 5.6 respectively

Methodology triangulation: this study applied survey, interview and case-studies methods. It involves conventional approach structured-questionnaire, interviewing and case-studies. By using this varied technique for data collection, it helps provide data sets that complement one another. These techniques produce results that support the research theory, and from the observations of the data analysis and subsequent discussions gave clear the causes of SMEs failures and indicated in literature.

6.5.6 Triangulation of Findings – (Summary)

De Vos (1998) and Miles & Huberman (1994) affirm that data management is essential for data analysis; also, Morse & Field (1996) state that managing such data is deemed challenging and requires understanding in order to describe and demonstrate the concept. Therefore, for this research, the researcher approaches data management triangulation process

in a reporting format. The data were presented in percentage indicating a summary of each performance variables investigated as discussed above.

Finally, according to Mathison (1988) triangulation strategy is to merge the results in a single perspective of social phenomenon investigated. Also, the notion of triangulation is to enhance research findings by independently agree with or less contradictions (Miles & Huberman 1984: 235). Therefore, in this study, the researcher after carefully deliberating on each of the data sources through analysis and discussions based on SMEs' views on each measure investigated. Hence, Mathison's triangulation strategy was applied by merging the results and findings in a single perspective (see chapter 9, table 9.1) as the causes of SMEs failures. The research also adopts Miles and Huberman's concepts by independently agreeing with the findings. This approach led to finally achieving the research aim and objectives by outlining the key issues that affect SMEs performance in that region which the research was set out to explore.

Chapter 7- An Effective Framework for Northern Nigeria SMEs

7.1 Introduction

This chapter discusses the process of developing a performance measurement framework for Nigerian SMEs based on the determinant factors previously highlighted in the implementing process and in chapter 3. Various PM models were reviewed and implementation processes which prove not suitable for SMEs to measure business performance were outlined. The data collected for this study further added to the belief that many of the performance measurement models and systems used by SMEs are not suitable, in line with earlier performance theories (Hudson 2001; Kaplan and Norton 1996a; Neely *et al.* 2001). For full discussions on performance measurement, model and framework see chapter 3 and discussions within.

However, these factors explain and indicate why many Nigerian SMEs close down after a few years of establishment, which is the main objective of this study. Hence, this section will then develop a suitable framework as toolkits for Nigerian SMEs to achieve their business aspirations.

7.2 Performance Determinants

The determinants of SME's performance are well documented and reflect specific success factors that have been highlighted in various publications as key influences (Garengo *et al.* 2005). Similarly, Arinaitwe (2006) cautioned the interpretation of performance determinants for African SMEs because they are distinctly different from that of developed countries.

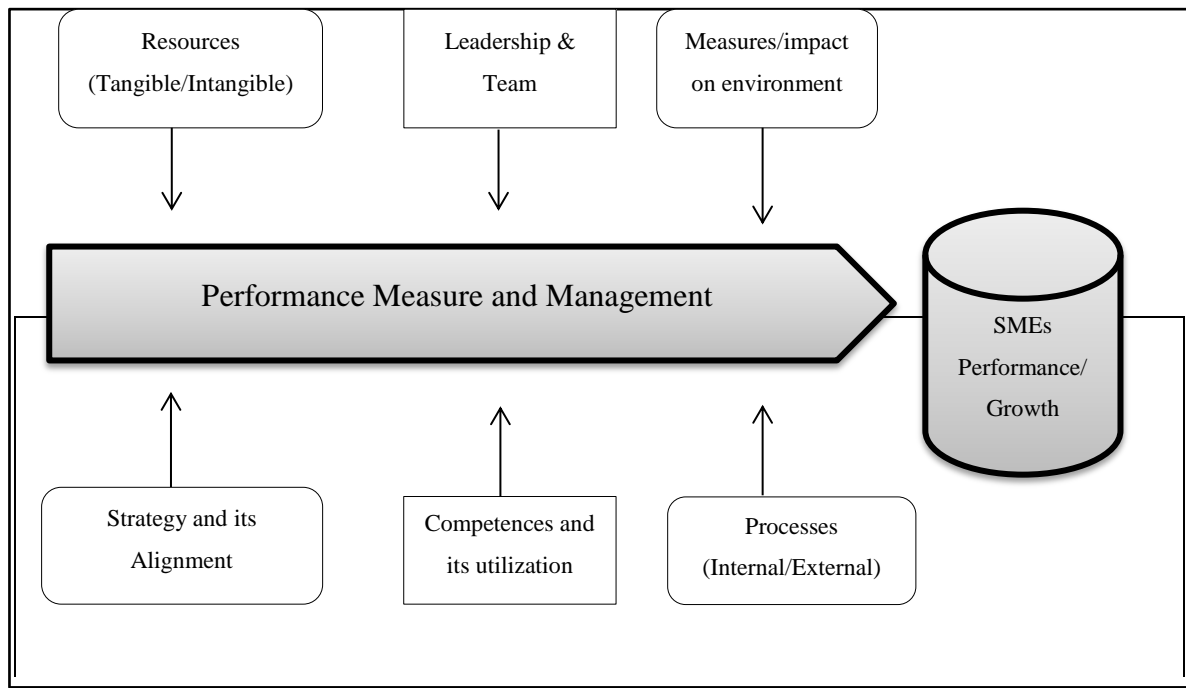
Arinaitwe's (2006) study significantly reflects on lack of rigorous study of SMEs operations and management in African countries, which hugely influences the continent's meaningful development. As already established in this study's literature regarding distinctive SMEs' roles in Nigeria and global economy development (see chapter 3 section 3.3), this sector contributes massively to many nation's revenue generation; yet, in Nigeria, the sector's operators are facing significant difficulties, which the findings of this study also confirmed (more discussion in conclusion chapter).

Similarly, Hashim (2000) also named other shortcomings involving performance measures, which includes the relationship between modern management theories and performance of SMEs.

To summarise, in chapter 3, a conceptual framework was developed with the excellence model concept, and various performance determinants highlighted, which includes

determinants, enablers and results that should be included in an effective PM System for SMEs in Nigeria. Each are interrelated; based on this, figure 8.1 presents SMEs determinants factors as earlier outlined.

Figure 7.1 Performance Determinants for Nigeria SMEs



These determinants underpin SME's success, which was revealed in previous sections; that are vital to SME's performance, adopting any of these factors by SMEs means the rest must be considered as they mutually related.

The conceptual framework developed in chapter 3 has the EFQM excellence model concept and elements that are based significantly on three key factors, such as determinant, enablers and results as leading indicators dependant on SMEs applying the appropriate strategy, strategic process and alignment of internal and external resource capabilities with the environment.

Secondly, the six areas in figure 7.1 represents SMEs key ENABLERS when effectively managed will give the business good returns on investment as evidence of growth, also interpreted as RESULT due to measures put in place and efficient management; for more on this, see conceptual framework and analysis in section 3.15.1 and figure 3.4.

7.3 Performance Dimension and Measures for SMEs

The issue of performance dimension and characteristics of measures in SMEs documented in various literature (Hudson *et al.* 2001; Lynch and Cross 1991; Globerson 1985; Maskel 1989). This was discussed in chapter 3, leading to a conceptual framework having been developed with the key determinants that were discussed above, and a model developed afterwards.

Similarly, prior to developing an effective PM System for Nigerian SMEs, it is vital to outline the dimension of performance and its related measures to have a balanced PM System. Secondly, based on the data results, it appears that many of the SMEs are using unsuitable systems and models to measure their business performance. According to Hudson *et al.* (2001), it is vital to identify an effective PM development process, with an appropriate dimension of performance for the system to deliver desirable business values.

Therefore, dimensions and measures as an operational performance measure for Nigeria SMEs should include measure on strategy; measure flexibility; measure internal competences; measure on environment/market and responses; measure strategy resources and measures leadership and team. Table 7.1 further analysed these dimensions.

Table 7.0.1 Performance Dimension and Measures for Northern Nigeria SMEs

Measures& Dimensions	Main Indicators
<i>Tangible measures:</i> Financial performance	<i>Alignment:</i> Financial profit & reward; sales volume; efficiency on cash flow management; profit on sales and tax return; profit on asset.
<i>Intangible measures:</i> Non-financial performance	<i>Alignment:</i> Expert utilisation; employees motivation and satisfaction; reward; education and training; competitiveness; distribution channel and management; supplier relationship and building; new product and market entry

7.4 Measures of Results

Based on the analysed data from the SMEs investigated, the results indicate that the Nigeria SMEs used different kinds of models and systems, which show no consistency on any tangible results on the systems and model employed. The data also indicates that many of the SMEs implemented a particular system, which they used and abandoned over a period without achieving the desired results and benefits. Beside the systems and models, other

performance indicators were also investigated known as variables. These variables include financial and non-financial indicators as shown on table 7.1 which presents tangible and intangible results from the sampled SMEs, with percentage representations of the indicators and results discussed in a previous chapter.

The current literature in relation to PM System implementation in SMEs revealed that BSC does not offer solutions to SME performance measures developed in 1992 (Kaplan and Norton 1992), and regarded as the first generation system with its limitations like the previous one developed in 1987. The ground-breaking system came in 2003, and was a system with construct for effective performance and mapped out strategy (Neely *et al.* 2003); this system further developed to third generation with more balanced measures, which includes tangible and intangible performance (Neely *et al.* 2003; Lawrie and Cobbold 2004). Although these systems were made for organisation's performance measures in the industrialised countries, however, it can be applicable and is a useful tool in Africa and for Nigeria SMEs and in that context warranted the earlier assessments for its suitability in chapter 3. On that note, measuring internal and external measures in SMEs with effective systems and models becomes necessary in light of the research findings.

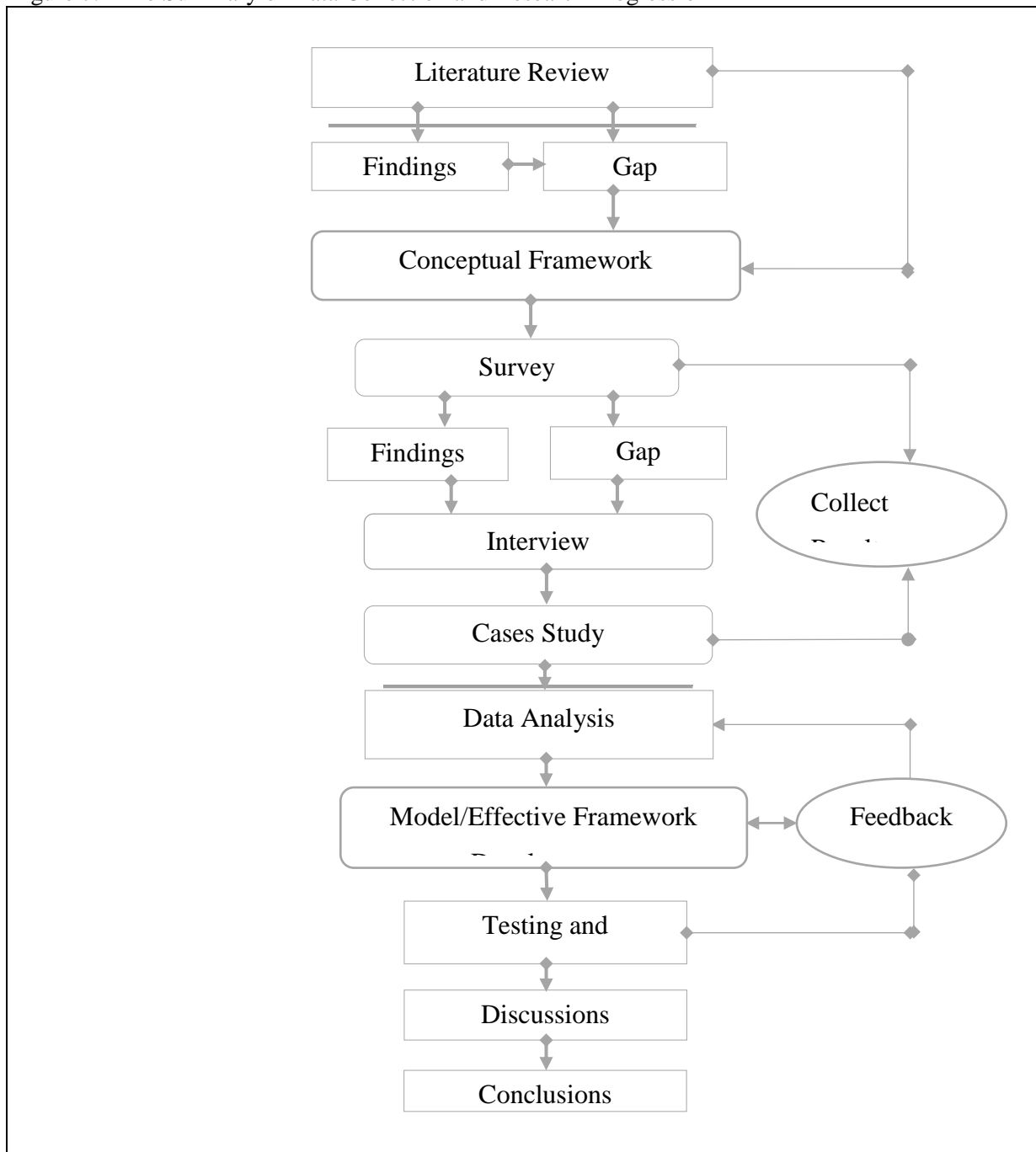
Furthermore, Arinaitwe (2006) stated that SMEs in the African region are underperforming and should be carefully assessed in regards to the impact factors; Arinaitwe's thoughts was taken in account and reflects on when developing an effective PM Systems for Nigerian SMEs in addition to the research findings and taking into account the main performance issues investigated during the data gathering.

Therefore, the proposed framework is unique in a Nigerian context due to its broad coverage of various areas both internal and external of the business, to sufficiently cater for all performance-related issues investigated and discussed in a previous chapter, such issues as leadership, customers and employee satisfaction within the context of Nigerian business environment, for full list of performance issues, see data analysis, results and outcomes in chapter 5 and 6. Hence, figure 7.3 presents an effective performance framework for Nigerian SMEs in meeting these study objectives.

Finally, the basis of developing an effective performance framework for northern Nigerian SMEs derived from a prior conceptual framework developed in chapter 4. The framework as shown covers internal and external factors as the key enablers outlining specific key success factors and balanced performance indicators for SMEs success and better results. Based on

this, an effective framework for the SMEs was formed to validate those specific propositions and increase feasibility of the framework for the SMEs in that region. For discussions on conceptual framework and propositions, see section 3.9.1 and figure 3.3; while figure 7.2 below outlined the research progression.

Figure 7.2 The Summary of Data Collection and Research Progression



Narration of figure 7.2: (1) the first set of linkages on right hand between literature review and conceptual framework indicate the start of the research from literature findings and the existing gap, that lead to conceptual framework development after thorough analysis of the

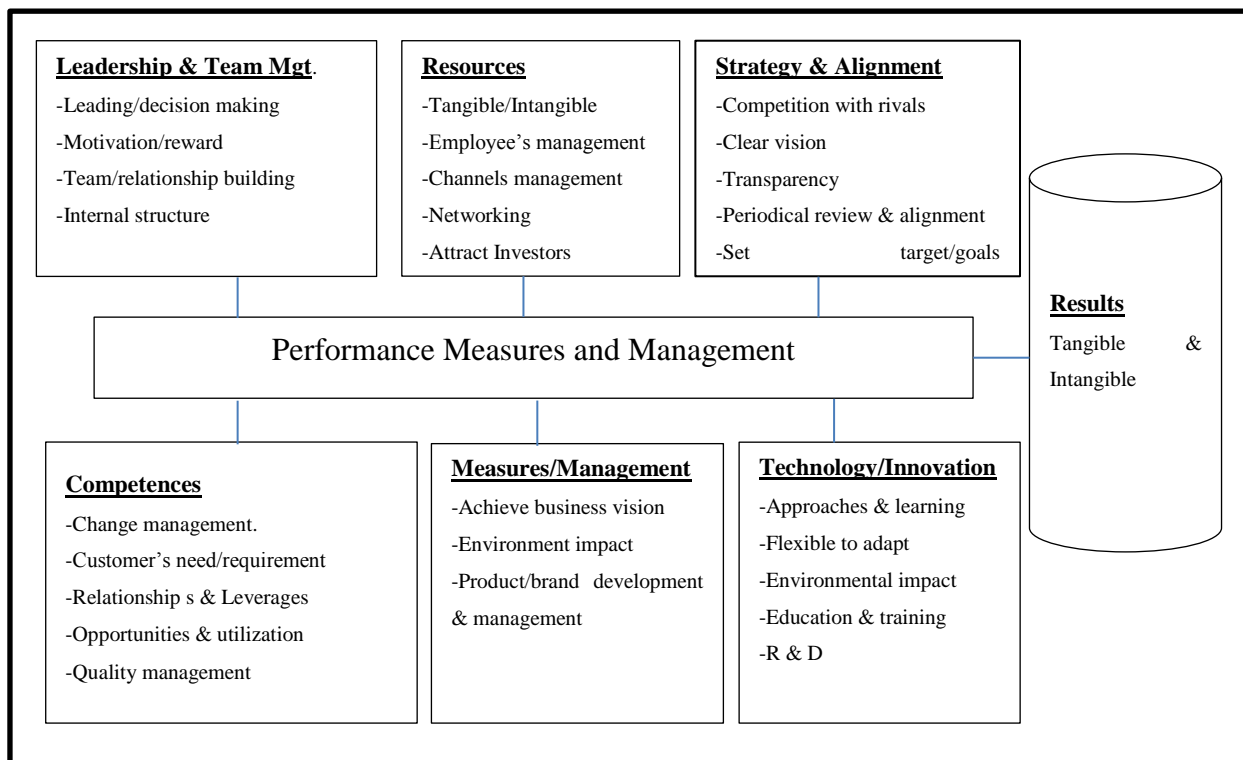
existing tools, models and their suitability for the SMEs which has been discussed, (2) the middle set of linkages between survey and case study with '**Collect Results**' on the right hand side indicate how the gaps found from the literature review were investigated through data collection starting with survey, interview and case study which has been discussed, and (3) the bottom linkages between data analysis, testing and validation with '**Feedback**' on the right hand side indicate how the data analysis results supports an effective framework development for Nigerian SMEs and its validation. The rationale for this approach is to simplify the process for readers, and having only one element of 'collect results' and 'feedback' on the right side instead of both sides is less confusing, easy to follow and interpret the figures more easily.

Furthermore, the study first embarked on exploration of literature to facilitate the analysis of various business sectors' performance measures, systems and management to enhance study direction, with a specific focus on SME with subsequent discovery of gap that necessitates that focus (see chapter 2, section 2.3).

Secondly, based on this focused necessitation, therefore, the study was directed at northern Nigeria for various reasons; see section 3.1.3 & 3.2. Primary data were also collected from the SMEs managers and owners in that region with application of survey questionnaires at this first stage in meeting the study objectives; see chapter 6 for survey analysis and discussions of key findings.

Subsequently, interviews conducted were to help validate survey findings. Thirdly, the findings led to model development for effective performance management of SMEs (see section 7.3 & figure 7.3 and testing in some SME organisations where improvements were seen and reported (see table 7.1 and section 8.3 for the discussion on this improvement and implementation process, and this organisation's cases were used to validate the framework/model. Discussions were carried out reflecting on findings and concluded with recommendations (see chapter 9 and table 9.1)

Figure 7.3A New and Effective PM System Model for Nigeria SMEs



Source: author

7.4.1 Framework Elements Analysis

Introduction

This section further elaborates on figure 7.3 above; a new and effective PM System model for Nigerian SMEs each outlined how to apply each element in order to achieve business strategic objectives and stakeholder's satisfaction. In view of previous researches (Okpara 2011; Ihua 2009; Okpara & Wynn 2007 and Arinaite 2006) on SMEs failures in Nigeria as a basic for the research aimed to explore the causes of SMEs failures after a few of formation and to offer practical solutions. Similarly, in section 1.3.1 outlining the key objectives which the research set out to achieve including such issues affecting SMEs performance in the region, to critically evaluate the PM Systems used by the Nigerian SMEs to help gain insight into what is measured and what is not and theories to determine suitability for the SME's usage.

Therefore, in order to sufficiently address these issues with long-term solutions, hence, developing an effective PM System model for the SMEs to help them achieve their objectives in practice standpoint becomes necessary; see figure7.3.

In the context of the Nigerian business environment the framework developed makes a unique contribution and is simple to apply, very practical and easy to use regardless of the managerial experience, less technical. Therefore, all the elements in the framework are discussed below.

Element 1 - Leadership and Team Management:

1. *Leading/Decision Making:* According to Park & Datnow (2009) distributed leaders are those that are closer to the business operations. Given the fact that Nigerian SMEs have and maintain closer relationships and contact with their customers, requires a leader who would be actively involved and engaged in all areas in the business and decision-making that reflect on the business operations to lead the business to achieve its purpose, align decision-making with actions with the business core values. This leader must have three vital attributes, **(i)** building a culture through dialogue and collaborative inquiry, **(ii)** ability to recognise and use the internal resources effectively and **(iii)** distinguished top-down and inspired decision making (Kennedy *et al.* 2011). Finally, a leader with the ability to make informed decisions and regularly scans for changes that will impact the organisation that can lead to competing in Nigeria (local) and a global market.

2. *Motivation/Reward:* According to the Chartered Quality Institute (CQI), the key quality of a leader in an organisation is to influence their subordinates. A leader with the ability to coordinate, organise and assimilate the activities of teams and individuals, making sure that they are aware of the business priorities and direct effort to achieving them. Achieving this is not just because he or she has delegated authority within the business hierarchy, but by being knowledgeable, charismatic and one that motivates, encourages the workers through reward systems and especially help guide through the current hardship which the Nigerian workforce is experiencing.

3. *Relationship & Team Building:* Building a positive relationship with the stakeholders is important in order to gain their trust, confidence is vital to achieve the business objectives and success. This approach will help to identify possible threats and opportunities for the business. Also, building a strong relationship with internal stakeholders enhances network possibilities and career prospects (Kandampully 2002) given the fact that the SMEs are smaller in size therefore choosing a solid team of employees is crucial for their success.

According to Vogt (2005) many of the SMEs find high performing teams vital because they work closely together, wear many hats and effectively work together throughout, accomplishing various responsibilities quick enough to stay modest.

4. Internal Structure: According to Ingram (2016) organisational structure affords guidance to the employees, outlines the reporting relationship, workflow and associations within and outside the organisation. Having a formal structure in place will make SMEs business activities easier and flexible for its operations, and offer prospects for growth through transparency. Given the current state of many of the SMEs, without a formal structure in place, employees will continue to be in the dark and ignorant of their responsibilities. But with a formal structure in place it will be difficult to miss or ignore the business operations and individual responsibilities.

Elements 2 - Resources:

1. Tangible/Intangible: According to Carayannis (2004), tangible and intangible resources are un-detachable; they both coexist in the same organisation which impacts the management decision either unknowingly or purposefully. Therefore, both should be managed with understanding of the existing relationship by associating and complementing the changes effects in input processes on the outcomes. Managing the business resources effectively will result to in superior outcomes through monitoring of key indicators that bring about the effectiveness of resource's utilisation as the stakeholders expect return on money invested. Therefore, management have the responsibility to maximise the return through strategic decision and efficient use of resources (Carayannis 2004).

2. Employee's Relation/Management: O'Brien (2014) states that, in order for organisations to flourish, they must maintain strong relationship with their employees because the result is often advantageous, a robust relationship between employees and employer usually increase productivity, healthy working environment, with less conflict and more loyalty.

In view of O'Brien's (2004) statement, therefore, it is vital for the SMEs to maintain a strong relationship with employees in all areas within the business in order to reap the profits. Given the internal business environment which is small in size, therefore maintaining healthy relationships with employees is crucial within the work environment, increases their morale and motivates them also. Investing on employee programmes such as training and further

education will increase their expertise and productivity through experienced gained and which in turn will increase turnover for the business.

3. Channels management: Domschke and Schield (1994) define a distribution channel as a system where all business-related activities are carried out involving the manufacturers and the consumers; this includes co-ordinating various goods or services in volume, type in accordance with the agreed space, time and demand. Kotler & Keller (2008) grouped the channel into three types, namely; distribution channels communication channels, and service channels. Developing multi-channels enhances channel coverage, flexibility, control and at the same time decreases cost, time and conflicts (Kotler & Keller2008: 490).

These channels are crucial for the SMEs to acquire and distribute their goods and services; therefore, relationship building is essential for the channels management with clients and customers. The entirely supply chain is significant for SMEs, which involves of both downstream and upstream partners, intermediaries, clients and delivery value networks created (Kotler *et al.* 2006: 857-859).

4. Networking: According to Mackinnon et al, (2004) networking aids organisations' managers to expand and gain valuable understanding, learn from others success, reach new clients and customers. Mackinnon and colleagues further stresses the need for business to commit to networking and outlined some benefits organisation will achieve from networking, which includes:

(i) New opportunities; With motivated SMEs, networking comes with abundance opportunities, there are always numerous prospects with business networking, creates an openings for both new and old business owners, like partnerships, speaking and writing opportunities is vital for SMEs, clients leads and joint ventures. There are endless opportunities for the SMEs through networking. (ii) Connections, in business terms, "it's not what you know, but who you know" and is so true in business. Based on this view, in order for SMEs to succeed, they must have significant network connections for support during an emergency. Networking opens door of opportunities to access highly influential and successful businesses to call upon when the need arises and can tap also into their networks. (iii) Advice; SME owners and managers can get business related advice from other business leaders and experts who are beneficial to their business or individual issues. Through networking they can tap into or access various experts that they wouldn't otherwise know or

have. This approach will help increase their business or individual profile, by attending regular business-related or social events, increase their confidence, reputation, knowledge and reliable support through referrals and offers. It will significantly help SMEs to meet regularly and help one another for a strong and reliable friendship based on trust and mutual interest.

5. *Attract Investors:* According to OECD (2004) trade globalisation and liberalisation has led to new prospects and challenges for the SMEs, and in recent time not many SMEs in African regions are able to recognise and achieve these new openings and equally deal with the challenges.

Likewise, many of the SMEs in emerging markets such as Nigeria has been less able to explore and take full advantage of globalisation, and are often pressured on domestic markets from cheaper imports and overseas rivalry. Based on these facts, promoting SME development as key objectives will help balance and equip them better to meet the challenges of globalisation and profit from its opportunities.

Also, SMEs' ability to respond easily and efficiently to overseas market will enable them to take advantage of business investment opportunities and reap the rewards through international transaction structure through competitive products or services. Here strength is needed and they must strive in their efforts to develop a system to support and encourage investment and trade capacity building, with involvement in customer-oriented programmes with support and solutions to collateral issues, involvement in loans guarantee schemes and cash flow management.

Element 3 – Strategy & Alignment:

1. *Competition with rivals:* Engaging in business strategies often lead to sustainable competitive advantages (Porter 1985). According to Papulova and Papulova (2006) organisations should endeavour to deal with today's uncertainty in order to succeed and strategically be aware of such uncertainties, understand how the changes develop. Therefore, SMEs should adapt strategic abilities and actively look for openings to exploit, pursue methods of improvement within the business, be conscious and appreciate the present strategies achievements. They must cultivate the habit of quickly responding to threats and opportunities (Papulova and Papulova 2006).

An organisation is said to have competitive advantage when it has superiority over its rivals by providing and safeguarding customer's services, making highest-quality products,

achieving less cost than competitors, more suitable geographical locations, superior product design, a reliable brand with better value for money than competitors (Porter 1985). SMEs adhering to Porter's approaches will lead to achieving and competing with rivals effectively.

2. Clear vision: Tearle (2011) declares that, values and vision are the two vital tools needed by a leader or management in an organisation for its transformation or rebuilding, because it provides a clear focus. Also, values lead to trust and the require behaviours desirable for business and team success, while vision provides a sense of purpose and direction (Tearle 2011)

A vision provides a clear and comprehensive picture of the business, highlighting future plans that require to be done to be successful in the foreseeable future. A vision outlines what the business is trying to achieve in the future, using strategy and planning processes.

Also, business managers build dream and vision combined in a participative way that leads to achieving: (a) stronger focus on things that matter which leads to saving the businesses' valuable resources (b) greater understanding of the environment and future prospects, (c) work towards a common goal that is building work teams and resolving encounters, and (d) tools for measuring progress, giving both before and after picture of the business with a logical framework (Tearle 2011). These key visionary principles and values are needed for the SMEs to transform their businesses and culture.

3. Transparency: According to Gebler (2011), transparency relates to organisations' ability to use and make information available to the stakeholders, and how accessible the information is. Transparency involves not only the information the organisation is willing to provide in an honest and transparent manner but also share with others. Transparency is the business ability to be honest about actions taken and be visible about why the actions are being taken in the first place, and if it is consistent with the business values (Gebler 2011).

Therefore, the SMEs must be truthful and visible about their actions and consistent with such actions and must not be contrary to their business values, their actions must be align with the business values and standards. They rise to the occasion by making difficult decisions on difficult issues, listen to employees' concerns, managers and employees must admit their mistakes; for example, business owners and manager must give their employees a chance to present their case and amicably resolve such cases and issues, the business must maintain open and true communication.

4. Periodical review & alignment: Possibility and configuration of ideas has helped organisations to align their business activities with performance in recent time (Miles and Snow 2014; Mintzberg 1979). Also, Huselid (1995) states that high performance can be traced to business best practices that often result in an increase in productivity and employee determination through alignment, periodical review and effective management. On that note, Knock *et al.*, (2002) affirms that good practice for any business is to adopt a people management approach that often results in the realisation of human potential and superior performance in the organisation. These authors' views highlight the significance of periodical review and alignment which the SMEs must adhere to; they must periodically review their business practices, this approach will enable them to regularly identify what the business is lacking in order to adjust and remain competitive. With alignment of SME practices, it will lead to consistency with the business strategy, employees, policies and practices.

5. Set target/goals: Goals setting is often seen as vital element for business to achieve success, it also guide them to keep track of what is important and prevent them from going off track or being distracted, motivating business to plan in order to achieve enhanced results (Joseph 2016). Therefore, goal setting will help the SMEs to have a clear focus on desirability, prioritise operations and set meaningful goals for the business. Given the fact that some the SMEs have issues with resource, goal setting will enable them to effectively optimise their resources by doing things that matter not by default or deflection. Therefore, goals setting will enable the SMEs and managers to have peace of mind pursuing ideas and applying them in different perspectives in order of significance, make measurement easier especially through SHARP & SMART goals which will enable them to measure business effectiveness lead them to achieving such.

6. Mission statement: According to Robinson (2002), mission statements are often seen and used as management tools in organisations, and many organisations tend to spend a lot of money to develop mission statements and more spending on public relations with the aim of unfolding them with the stakeholder.

Based on this assertion, mission statements will help the SMEs: (i) connect the trend of the business, (ii) aid in making operational decisions, (iii) to direct focus and motivate employees.

Furthermore, authors such as Ireland and Hitt (1992) show that mission statements varied from organisation to organisation, however mission statements must include the business purpose, goals, and product and market scope. Also, Davies and Glaister (1997) believe that, mission statement should include the business statement of purpose and future aspirations. In any case, SMEs should endeavour to have a mission statement that reflects business aspirations.

Element 4: Competences

1. *Change management:* According to Grant (2008) change management is not just a new way or approach of doing things inside organisations, it also includes IT infrastructure management which are managed in a systematic, reliable, rigorous and disciplined way. Changes are achieved through the management system in a reliable, rigorous, disciplined approach and likewise when the business integrity is tested through technology innovation, customer-related issues, products or services updates (Grant 2008).

Based on Grant's statement, change management should not be seen by SMEs as merely implementation of new techniques, rather it should be regarded as ways of managing all performance measures to achieve the business objectives and meeting stakeholder's aspirations.

The author believes that, in order for the SMEs to remain competitive, they should from time review their performance that will enable them to change directions through identification of current performance with expected targets. Through regular updates, the process will enable them to identify (i) the need for change, (ii) the process to enhance the need and specify the requirements, design and effect the change needed, (iii) convincing the stakeholders of the need for change and its vital for the business' superior performance and growth.

2 .*Customer's need/requirement:* Effective customer communication is vital to securing long-term achievement of any organisation at the early stage, this approach will ensure those services or products meets customer's instant needs, and as time progress, maintaining regular communication will improve the customer relationship, growth and meeting their requirements (Joseph 2014). Therefore, executing change; customer's needs and requirement most likely to change over time, through effective communication SMEs will be able to adapt their changing needs, example, delivery schedules and quantity increase or decrease and any order-related issues. Also, staying in touch because lack of effective communication can also

result to customers seeking products or services from another organisation due to lack of communication, when they need another services they might decide to patronise a different organisation instead of continuing with you. Finally, clarity is equally important to understanding what the customers want by asking questions and getting clarity from them.

3. Relationship and Leverages: According to Mohanty and Gahan (2012) the fast changing business environment and practices put many organisations under incredible stress to constantly improve their performance, products quality, delivery index and responsiveness to cost reductions, this pressures them into exploring ways of gaining leverage from their suppliers. In other words, many are utilising their resources to increase flexibility and responsive to customer's demands, while many are exploiting other possibilities such as capabilities, technologies and expertise of their suppliers.

The relationship involves early stage, development and final stage which the SMEs should be fully committed mostly at the very beginning in order to understand or unveil any uncertainty at the early stage. During the early stage, negotiation and leverage is more likely than later stages, it is possible for the SMEs to negotiate for savings in many areas, and get their partners' commitment, and it decreases uncertainties through this development and final stage for both parties. Therefore, the alleged commitments lessen the actual commitment, and become major in some cases, while big scale purchases and delivery takes place along with cost savings measures. These approaches must be observed and adhered to by the SMEs in order to build fruitful relationships and leverages.

4. Opportunities & utilisation: In order for organisations to operate effectively they must focus its future objectives by utilising its strength and making efforts to averting tendencies (Houben *et al.* 1999). Therefore, SMEs must focus on strengths and weaknesses as essential components of its strategic management. Therefore, the SMEs can only attain success in this regard if they are aware of the external environment and able to identify the opportunities and threats with regular application of SWOT analysis to scan the business environment.

Likewise, organisational effectiveness requires a knowledgeable management team in order to provide goods or services to the consumers, also to satisfy the stakeholders at all times. Stakeholder's satisfaction is only possible if the business is efficiently managed; besides managers are responsible for the smooth running of the business through allocation of resources to where it is needed and people to attain the required organisational objectives

(Renuka and Frederick 2014). Therefore, the SMEs have the responsibility of utilising the available resources to achieve the desire objectives and stakeholders' satisfaction.

5. *Quality management:* Manghani (2011) defines quality as the business structure, processes, responsibilities and resources for implementing quality management; this includes the entire management gathering that enhances the implementation of organisation quality policy, objectives, quality control and assurance. Hence, quality is vital for SMEs' business practices, by ensuring that quality procedures are in place, a sort of clinical trial should be applied. Also, implementation of a system that will guarantee quality assurance and control with possible documentation and data generated and recorded in accordance with protocol and compliance. Finally, quality assurance and control systems must be commensurate with the business strategic objectives and model.

Element 5: Measures/Management

Achieve business vision: Having vision and values in an organisation are two most vital tools needed for organisational leadership used in transformation of an organisation and upgrading departments, value enables organisations to change their culture by developing new set of values (Tearle 2011).

In order for the SMEs to foster a new set of values and meet their objectives, they must have vision and values in order to change people's perceptions about SME culture. They must develop a set of values and roll out or cascades these values to all stakeholders that are directly involved in the business; through careful planning of process of values roll-out, it can help change employees actions and conducts which will led to transforming the entire organisation and its culture.

Environmental impact: Williams (2015) writes on many environmental impacts and issues that affect business growth, such as the development of sustainable raw materials, waste, water and air emissions. These issues affect businesses because the law imposes standards and procedures which they must follow on a regular basis that leads to change of equipment and machinery within organisation (Williams 2015).

In view of William's statement, therefore the SMEs must take the necessary steps to manage and protect the environmental impact on their businesses, as regular change of equipment and machineries cost money, stricter changes measures is necessary in order to preserves the environment. Also, as the SMEs pay for proactive and protective measures which in turn and

regain the expenses from the consumer goodwill or add to the consumer base by the environmental policy.

Element 6: Technology & Innovation

Approaches to learning: Writers and researchers have debated in recent times and were unsuccessful in agreeing on whether organisational learning should be seen as part of change management or behaviour within an organisation (Easterby *et al.* 2000). On the other hand, Fiol & Lyles (1985) viewed this differently, and labelled organisational learning as part of knowledge that befalls with meaning and experience. Based on these views, SMEs must identify and be specific about the change that is needed, the best possible approach to effecting the require change that will enable the employees to learn. Also, employees need to know those that they have that participated and those that have not in the learning process and gained the knowledge in order to effect the change and perceptions needed.

Flexibility to adapt: Porter (1980) claims that an organisation's competitiveness depends on its ability to innovate and improve its performance in order to achieve its competitive advantage.

Also, Sanchez *et al.* (2010) state that an organisation's competitiveness can be linked to innovation through long-term strategy adaptation in which the process must be dynamic in order to achieve competitive advantage as a strategic goal.

The adaptation process is not often an uncontrollable phenomenon, but involves complex interaction for both the internal and external environment; therefore SMEs must have the contingencies like resources, organisational structure and management with flexibility to reposition their thinking that will distinguish them with others (Sanchez *et al.* 2010).

Adapting a flexible approach to technology with an ease of approach will help to balance any rigidity where employees can easily be trained to operate, it will help the SMEs to remain agile and vigorously respond to other business demands through strategic management and thinking.

Education & training: OECD (2013) declares that human capital is the main asset especially for the SMEs and is vital for economic development where services and tangible factors are of great significance. Therefore, SME's employees are vital to the business growth, thus, education and training schemes will impact the employees, increase their expertise, productivity and labour force mobility adaptable to a more knowledge-intensive business

environment. Also, through education and training, they will increase their competencies that will enable them accomplish tasks through learning, later becoming highly skilled workers for the business.

Research and Development (R&D): Kusar *et al.* (2004) declare that SMEs can positively enter into global markets through availability of quality products and customer's fulfilments. Also, Gomez and Simpson (2007) state that, SME's survival depends on their ability to service the market with quality products or services and provision of products that meet international standards. In other word, SMEs' survival in a competitive environment depends on their flexibility and consistency as a prerequisite for survival. Moreover, in order for them to compete and overcome the rapid technology transformation and products diversity development, they must continue to embrace innovation (Laforet 2008).

The SMEs have the tendency to grow and develop knowledge through innovation, which is vital to growing business. By undertaking research and development, SMEs can become innovative, increase turnover with lower costs including new products and services, greater processes and customer's engagement. Collaboration, R&D can also be accomplished through collaboration that is SMEs teaming up with another relevant organisation or university on R&D. Through collaborative projects they can achieve growth and this is often seen as a smart way of securing funding from the government and research agencies.

Elements 7: Results

Tangible and Intangible: The contributions and importance of the SMEs to economic development is well documented in the literature, but in spite of this contributions many SMEs lacks adequate control of their businesses (Storey *et al.* 1987; Storey, 1994). Also, Jarvis *et al.*, (2000) declare that in order for SMEs to achieve their desires outcome, performance measures implemented must be diverse enough to comprehend a range of goals, because financial indicators alone will not capture the complexity and variety of objectives. Jarvis *et al.* (2000) also advised SMEs to implement measures based on business needs instead of best practice in order to achieve their desired outcome. Therefore, implementing both financial and non-financial measures such as:

(i) **Tangible** - financial measures such as *stock and inventory return on investment, revenue, cash flow and profitability*, and (ii) **intangible** - non-financial measures including *employee engagement & satisfactions, supplier relationships management, products quality, customer*

services, and networking. Aligning all these activities with owner's actions and strategic objectives will yield better results for the SMEs and integration of non-financial and financial measures will contribute to better focus and for long-term accomplishment instead of short-term financial performance.

Therefore, the framework developed for SMEs has an excellence model concept, which helps in a leadership position, as observed during the data collection, many of the SMEs lack leadership skills, which significantly affect their ability to carry out the business vision to achieve sustainable growth, with most daily operations ignored. Team management, and lack of motivation leads to poor performance among employees; a good example is the case study of an organisation where employees had no hope of progressing with business; this leads to many leaving to seek employment elsewhere, and to reduce or eliminate that from happening therefore:

Firstly, the new framework proposed to help the SMEs achieve their business aspirations and guiding tools for the failing ones. It has such benefits as looking into the internal competences and determinants, which will lead to evaluating the available resources to modify its continuity.

Secondly, it will help an SME to choose the right strategy that is suitable for the business to compete in the environment. Thirdly, it enables SMEs to measure the results, whereby strategically enhancing their decision-making in knowing where effort and resources should be directed.

Fourthly, the framework will serve as an appraisal for both employees and internal measures and, finally, set achievable objectives by the SMEs through planning, evaluation, and taking the right actions to improve the process with this framework.

7.5 Framework Implementation Process in SMEs

The preceding section developed and discussed an effective framework for Nigeria SMEs. Therefore, the focus of this section is to deliberate the process of implementing the framework developed for the SMEs to cater for specific issues, which the model highlighted in figure 8.3, and the practical steps required for its implementation.

Firstly, the study carried out a survey of 114 respondents from randomly selected SMEs, and conducted 17 interviews as an exploratory approach among the SMEs, with various performance measures investigated as the key success factors for SMEs performance.

Secondly, the descriptive discussions above highlight the internal measures employed by the SMEs, while specific measures shown in the figures above, where SPSS software were used to convert raw information into data in a readable format detailing the responses.

The data collected highlights specific systems and models employed by the SMEs, and many were not appropriate for their use. To correct this unsuitability and pursue a robust and viable growth for the SMEs, a new framework development became vital; also, Brouthers *et al.* (1998) and Marchini (1995) state that lack of clear strategies and methodologies to enhance control process could lead to short-term vision and alignment. Several empirical studies indicate the significance of the organisational aspect in supporting SME development, various issues have not been investigated enough (Astrachan and Shanker 2003; Heck and Stafford 2001; Hisrich and Drnovsek 2002). Based on this, a significant change in direction, suitability and strategies is needed for the SMEs.

Thirdly, Tangen, (2005) outlined three dimensional focuses as basic requirements for effective PM System for the SMEs as follows:

1. **Casual dimensions:** Focus on stakeholders; all levels of management in the organisation, the business current position and strategic processes, communication and information management.
2. **Multi-dimension:** Focus on both short & long-term results, external and internal of the business, information processes and delivery.
3. **Single-dimension:** Specifically on internal of the business, short term goals, availability of information.

Also, Franco and Bourne (2003) state that literature on PM System implementation exists, however there are no practical compilation cited on it requirements. Franco and Bourne (2003) subsequently named two questions that must be answered prior to PM System implementation that is: (a) what should be measured and (b) how it should be measured, these questions are further broken down into two groups as;

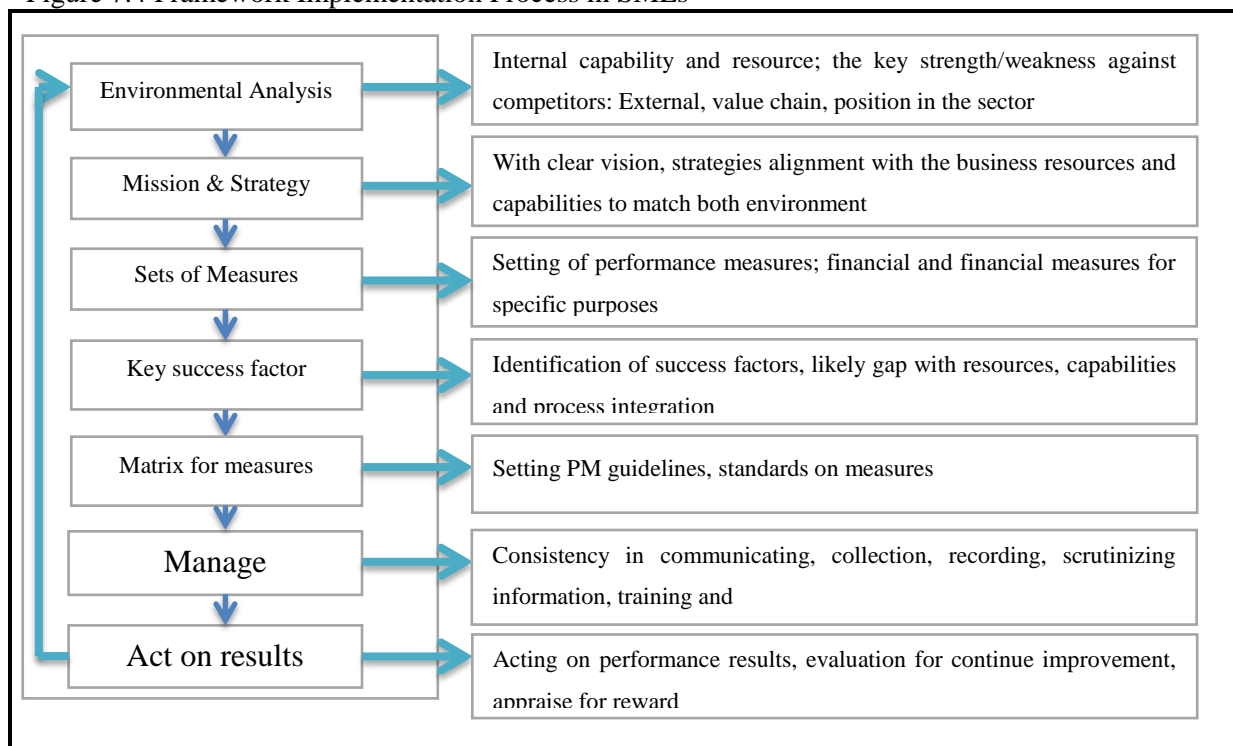
Measurement requirements; these are linked with individual dimensional measure requirement highlighted by Tangen (2005), and system requirements linked with the designing criteria to support both financial and non-financial measures.

Therefore, performance measures process should sufficiently suit the fast changes needed in all areas within the business which cover both financial and non-financial measures. In the survey and interviews conducted, several key performance determinants were revealed, such as non visitation of customer's business premises, mission statement, relationship and quality

management among others were not practiced by many SME or used to measure business performance. In order to save the SMEs' time and resources based on their current state, therefore, this research designs a flexible template to help save the SMEs' resources through this process. Also, the process will help to plan daily operations as part of the process which should be extended to employees' work schedules in order to set targets. Neely *et al.* (2003) state that a third generation PM System must be practically aligned with the business strategic goals whereby the system is fully integrated with other organisational processes like planning & review, budgeting and reporting the results; on that notion, this research reporting is in line with Neely *et al.*'s views.

In view of the above process discussions, and further from there, figure 7.4 demonstrates the process of implementing the proposed framework outlined in figure 7.3; the process indicates one step action approach based on the results of other steps. It must be noted that the process doesn't form a simple flow chart but it offers measurement data or information which must be efficiently assessed, shared and managed for effective results, and to achieve the intended results this simple steps outlined in figure 7.4 must be adhered to.

Figure 7.4 Framework Implementation Process in SMEs



Summarising, this process will enable the SMEs to successfully implement the framework shown in figure 8.3, while the above figure is concern with setting direction for the SMEs from top to bottom to improve performance. The key success factors must be identified with the use of self-assessment and benchmarking, this approach will enable tasks and operations to be broken down into sub-processes that further generate prospective process redesign or continuous improvement. Furthermore, prior literature indicated SME failures after a few years of establishment, and the data collected further confirmed the causes of those failures which lead to framework development to cater for all incorrect strategies. To avoid these drawbacks, the SMEs must scan both internals and externals of their business environment in order to the identify the gaps, capability and resources that will enable them to successfully establish their position in sector, add value to products or services, response to customers and complaints and demands. (For more on this discussion, see section 8.6)

7.6 Process Requirement for Framework in SMEs

Hudson *et al.* (2001) stressed the importance of identifying the features for an effective development process in order to have a more practical value for a strategic performance measures. Also, Mills *et al.* (1995) advocate that for a PMS to be useful, it must be attractive to organisations to implement, and managing the system that should be part of the process. Based on previous studies conducted by Platts (1990; 1994), Hudson *et al.* outlined performance measurement process requirements in SMEs as:

Point of entry; relates to evaluating the existing systems to identify its shortfalls and where improvement is needed. *Participation*; full involvement of all stakeholders, such as employees who are the main users of the performance measures and, *Procedure*; relates to aligning the system with business, strategic objectives and the maintaining the new system; and *Management*; relates to effectiveness in managing the system and related changes, flexibility and involvement of senior management within the business.

In addition to identifying this process for framework implementation and based on the key indicators factors acknowledged for the SMEs, it is important to conceptualise this process in relation to measures identifying appropriate measures and dimension of performance. Also, it is vital because process development requires structure and applicable content to deliver value efficiently to an SME.

According to Kaplan and Norton (1993), strategic performance measurement systems were developed in response to criticisms of previous systems having only a financial focus. Neely (1999) argues that the changes were essential to have balanced systems which in itself represents revolution within the field of PM, which has attracted many studies in recent time. Based on the above views and SME's key success factors investigated and discovered through data collection lead to developing the new framework for the SMEs; therefore, highlighting this process is essential to guide the SMEs, support their decision-making and help to communicate the right strategy.

Finally, as earlier indicated in a previous section in regards to SME barriers, this process will help the SMEs plan their day-to-day operations, like work schedule for employees, and set achievable targets.

7.7 Performance Management in SMEs

Cocca and Alberti (2009) state that for a PM System to be effective in SMEs, identification of PM System characteristics is required to enable the business to efficiently measure and manage its performance. Also, Sharma *et al.* (2005) argued that organisations must recognise that they are competing in unstable environments; therefore managers must first study and understand business performance. Based on these views, SMEs identifying and managing key performance indicators is crucial for SME's success, growth and adhering to the best practice.

Similarly, according to Arinaitwe (2006) SMEs in African countries lack operational and managerial competencies, which hugely affect the continent's meaningful development.

On that context, the developed framework should be managed:

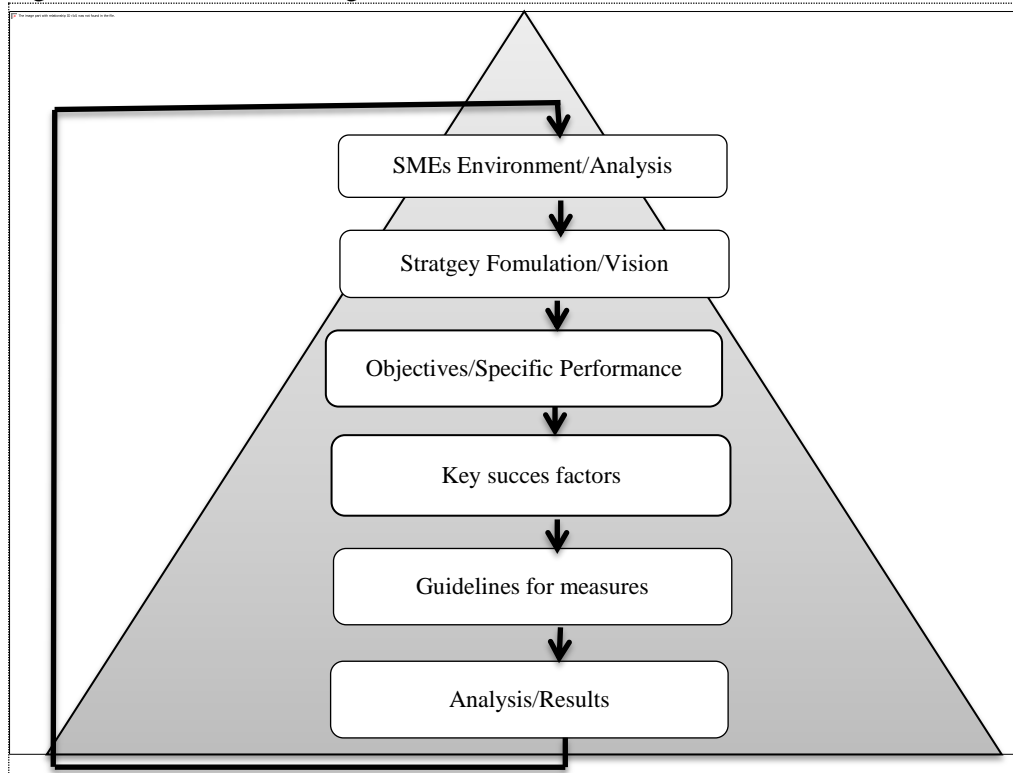
1. Provide precise overview of the business performance
2. Complete reflection the business whether it is healthy or not
3. The measures should be multi-dimensional in nature
4. Linked to past performance and data used in planning and enhancing future performance
5. It should provide a comprehensive diagnostics matrix of measures of the business.

To summarise, as outlined, the framework will help to deliver a constructive approach for SMEs, by identifying the required measures, detect threats, and improvement opportunities,

act as assessment tools for effective management of performance and transform business plans to achievable goals into explicit tasks.

Based on this, figure 7.4 further suggests a procedure for managing the developed performance framework for the SMEs

Figure 7.5 Framework Management Process for the SMEs



The proposed process management pyramid strategically sets the process for SMEs to manage their business performance.

(1) SME environment and analysis

Given the unstable nature of SME's business operations and evidenced from the data collected behind the performance framework development to help align senior management decisions and convey the organisation's mission, values and strategic directions for stakeholders and employees. Strategic analysis involves both the internal and external environment, the ability to respond to external pressure and compliances based on competencies. Analysis of the SME's environment is the key determinant factors for success regarding responses to technology innovation, new market entry, competitors and other external stakeholders.

(2) Strategy formulation and vision

Strategies are, pursued in the context of the business vision from the senior level, based on the organisational competencies reflecting on the measures and performance to achieve the required outcome. According to Deb (2012), the vision highlights a detailed plan of the current market services situation in line with the business strategy based on the internal capabilities and resources. It also highlights the strengths and weakness, opportunities and threats. Strategy formulation and vision are significant for the decision making process and practicing its management is important for the SMEs.

(3) Objectives and Specific performance

According to D'Amboise (2000), highlighting specific indicators serve as objectives that give rise to feedback, and further enhance evaluation for strategy re-direction. This concept represents a health check and serves effectively in any operational situations. With this, objectives must relate to specific performance, and be measureable and achievable which includes tangible and intangible measures; this can be in several units from senior management to the bottom.

(4) Key Success Factors

These are significant factors for SME's success outlined in a previous section based on the data collection. According to Wong (2005) key success factors help to identify and affect the success framework implementation and management for SMEs; its achievement relies strongly on leadership and effective communication. The outlined sets of success factors relevant to SMEs in the study settings will help proprietor's minds keep abreast of important performance issues.

(5) Measures Guidelines

Every performance measure must be guided by a standard set of rules for its operations; these guidelines create and govern sets of performance metrics on measures and how information is to be collected and recorded. Therefore, collecting too much information could be problematic and voluminous, which might be distracting to an SME. According to Appiah-Adu and Singh (1998), precise performance measures will lead to success and growth and return on investment.

Hence, it is necessary to first start with the most important measures that are critical to business success and less important afterward; these sorts of guidelines are vital to choosing specific performance measures and adhering to the guidelines and maintaining effective communication between teams and management. It also enables the proprietors and senior

management to adequately focus on managing the performance, develop the right measures to support the objectives, review based on internal capabilities, schedule work plans and make strategic decisions based on the pre-defined data or information collected for other users.

(6) Analysis and Results

According to Lawson *et al.* (2003), PM System implementation has a positive impact on organisations and known as benefits. Also, Weinstein and Castellano (2004) argue that PM System implementation has other positive impacts such as development of managerial capabilities and efficient communication. Through the analysis of the main determinants, it will ultimately yield positive result. This result happened due to a balanced performance which includes financial and non-financial; de Waal (2003) and Sandt *et al.* (2001) state that the application of a highly balanced PM System enhances decision-making and superior decisions which positively impacts business results.

The use of performance measurement are based on the premise that it will yield results in two ways; (a) results relating to competitiveness and financial performance and (b) determinants results relating to flexibility, resources, quality, innovation and utilisation (Fitzgerald *et al.* 1991). The proposed process will help SMEs manage the impact of PM framework implementation on their business and this includes external and internal impacts involving business operations, stakeholders and growth through balanced measures.

7.8 Chapter Summary

This study chapter has shown key performance indicators for SMEs through deliberations on various SMEs omissions leading to non-performance, where an effective framework was developed to help cater for any performance issues for the SMEs. Findings on various stages of the study were also discussed, and data collected was analysed which shows a trend of performance, systems and model employed from the sampled SMEs that helped to draw conclusions on how SMEs are managed, various factors affecting their performance based on data highlighting the various internal measures employed by the SMEs. Significantly, a descriptive analysis carried out and its justifications, which prior employed measures was shown to have significant influence on SME performance within various groups of performance through the responses; above all, this study further creates a strategic management process framework for the SMEs as a management pyramid to help an SME that has no managerial capability and knowledge.

Chapter 8 –Framework Validation

8.1 Introduction

This chapter discusses the validation process of the earlier developed framework for effective performance measures and management for SMEs. Therefore, this section first discusses the significance of framework validation, follows by the framework pre-implementation steps, thirdly, the framework post-implement process and further outlines the framework key determinants for measurability. Table 8.2 further outlines the four collaborating organisations used to test and validate the framework. Table 8.2 also outlines the key areas observed from the four organisation and types of measures before the framework was applied and issues faced that affects SMEs' effective performance are also outlined in the table during the monitoring period and progress achieved. Finally, the last section discusses the firm's background and some of the areas where improvements were observed by the owners of SMEs as evidence of implementation in relation to table 8.2.

8.1.1 Justification for Framework Validation

Having developed the PM framework through review of literature and collection of primary data, essentially, its application was done to test and validate for reliability and to ascertain the uniqueness of the framework to help set the right performance measures and management criteria for the SMEs.

Academics and writers in various disciplines (Remenyi 2007; Mahour 2006; Riffe *et al.* 2005; Mak and Sockel 2001) discuss different methods of ascertaining reliability of an instrument where results are highly reliant on statistical interpretation.

On the other hand, Messick (1989) described validity as an integrated realistic approach of judging practical evidence with a theoretical interpretation of its appropriateness and achievement of such actions based on the outcome; Messick's testing and validation led to setting acceptable performance standards within the education sector (Messick 1989:19).

Similarly, Hubley and Zumbo (2011) also described validity of measures as an implemented process in organisations design to have an essential purpose to affect its intended outcome, either social or personal impact critical to consider the significance and related effect in the

organisation. Based on this analysis, the researcher adapts (Messick 1989; Hubley and Zumbo 2011) concepts and applies the same to validate the developed framework in four SME businesses (see table 8.2 below) through observation of its effect in each of the businesses applied.

8.2 SMEs Performance – Prior to Implementation

This section discusses the framework pre-implementation steps. The conceptual framework in chapter 3 identifies both internal and external determinants of performance in SME and discussions carried out in subsequent sections on the key determinants of SMEs performance, specifically on findings from the sampled SMEs.

Thematic analysis methodology used to outline all issues faced by the sampled SMEs relates to the coded response from the respondents (see chapter 5; table 5. 2 and table 7. 4 & 5). Therefore, table 8.1 further outlines some of the key areas from SME individual businesses where monitoring was carried out to help determine the reliability of the framework. Various performance issues studied during the face-to-face interview data collection with 17 SME owners and managers, as key factors hindering SMEs performance before the application of the framework. For more on key hindrance of SME performance see chapter 3; section 3.5.

8.3 Framework Key Determinants for Measurability

This section discusses the framework developed and its consistency with the key determinant outlined in this section. According to Hudson *et al.* (2008) a combination of both characteristics of performance measures and the dimension performance provide the right typology that can be used to evaluate if a framework is measurable. Also, Wu's (2009) comparisons of typologies and framework approaches where three key dimensions were identified can be used to assess a PM System models for SMEs. Those determinant dimensions are:

- (1) *A PM System for the SMEs should:* Help identify specific objectives, have clear vision, encourage employee involvement, facilitate performance measures' development, have flexibility and adaptability, align with day to day operations and should be balanced.
- (2) *The measures in a PM System for SME should include:*

Financial and non-financial indicators, encourage continuous improvement, present fast and correct feedback and key performance indicators.

(3) A PM System for SME should measure:

Stakeholder's satisfaction, quality, performance results, internal and external determinants.

Based on these, the conceptual framework proposed for this research in chapter 3 covered these key areas as a starting point that the model should be measured in SMEs are:

External/Internal Determinants → this covers both internal and external determinant factors that should be measured such as innovation, new market entry and expansion.

Capabilities/Specific Factors → these are the key enablers, which covers internal capabilities, resources and strategy formulations, and the main objectives.

Key Success Factors → the key enabler for SMEs, since they are usually smaller size and have direct contact than larger organisations; therefore, they are closer to customers and have more focus on operational activities as key success factors.

Balanced Performance Indicators → comprises of both financial and non-financial measures, continuous improvement, feedback, and key indicators

Performance Results → outcome of past activities and expected performance objectives based on existing situation. Consequently, these outlines indicate the strategic importance of the framework and further strengthen its measurability for Nigerian SMEs due to its simplicity, and being less technical.

Hence, the performance framework will enable SMEs to identify the shortcomings within the management and organisational system, for example, like those organisations that fail to achieve targets in a given period or the rate of returns on finance and other resources employed, fail to produce the require results such as profitability. The framework offers indicators that sanction evaluation of the business performance over a period of time and further contribute to future indication or basis of injecting resources to improve business performance, develop measures that will help the organisation achieve its vision, mission and remain competitive through implementation of this balanced PM framework.

According to Kaplan & Norton (1992) and Keegan *et al.* (1989) balanced performance indicators enable organisations to identify measures to concentrate on, that will provide the current status of the business, such measures as financial and non-financial, internal and external of the business, effectiveness and competences measures position.

Lastly, in order to determine if the PM System model developed for Nigeria SMEs is measurable as it is supposed to be, and to further validate that measurability the following indications are presented:

1. It has the require dimensions needed as identified by Wu (2009)
2. Have the required elements to measure and can relate to the conceptual framework
3. It met the research objectives.
4. It is balanced, both financial and none financial performance can be measured
5. It's practical and capable of helping the SMEs to achieve their business vision and mission.

The PM framework is strategic and with benefits for the SMEs, such as gaining competitive advantage, cost reductions, customers and employee's satisfaction and increase of customers services. Table 8.1 below further outlined the likely results, benefits as signs of improvement and as evidence for the SMEs for implementing the PM framework to measures business performance.

Table 8.0.1 Expected Benefits/Outcomes for Implementing the Framework

Types of Benefits	Evidence
(1) Strategic benefits includes: Improved customer service and general business performance; improved integration of supply chain; improved IT and Innovation	**Increase on setting achievable targets and objectives **Increase customer satisfaction and ratings **Increase sales and prospects **Increase in revenues and profits **Increase customer retention **Enhanced market competitiveness **Fused and reliable IT structures **Long-term relationship with suppliers and customers **Increase in information sharing and fast response to relationship change.
(2) Managerial benefits includes: Improved forecasting & planning; improved decision making; improved resources management; improved production; inventory management; improved management and communication.	**Focus on setting & achieving targets, clear mission/vision and objectives **Better support and decision making **Increase quality and planning ability **Increase correctness in forecasting **Increase management effectiveness **Increase production performance **Increase inventory accuracy and improved lead time **Increase information sharing internal, external and coordination
(3) Operational benefits includes: Real cost reduction; improved customer services; improved productivity, improved communication & information management, employees motivation and engagement	**Savings through cost reduction **Increase in efficiency and flexibility **Real time reduction in some internal processes **Better cooperation with suppliers **Better focus on both tactical & strategic measures and management **Increase on employees team and confident **Increase in products quality **Increase in employee productivity through rewards and motivation

As discussed above, some of the benefits and evidence the SMEs would derive for implementing the PM framework in their organisation, that are line with Barua and Mukhopadhyay (2000) who declare that implementation of business strategy with specific targeted actions provide both intangible and tangible values for the organisation. Also, organisations that implement business solutions bring about expectations for range of benefits such as enhanced productivity, better and more precise forecasting, planning and expansion in both local and international settings (Wang and Sedera 2011), therefore, the outlines in table 8.1 are compatible with the concepts of Barua and Mukhopadhyay (2000) and Wang and Sedera (2011).

8.4 SMEs Performance – Post-Implementation

According to Struebing and Klaus (1997), implementation of a sound framework in organisations is a prerequisite for achieving the business operational and corporate objectives. Popper (19994) cited in Yusof (2000) further describes a framework as established principles designed to enhance discussions and actions.

A sound framework is design to communicate between ideas such as benchmarking and practical applications and to guide businesses like the SMEs in adopting and implementing dynamic framework (Popper 1994). Table 8.2 below outlines individual cases where test and validation was carried out. The feedback received from these organisations (SMEs) indicates some improvements after 5-9 months of monitoring the framework as recommended, and some of the areas where improvement were seen by the SMEs are outlined and detailed in tables 8.4-8.7.

The four firms are based in the northern Nigeria region where the research was conducted and ranked as SMEs, the researcher in collaboration with the business owners took the right steps and approach as outlined (chapter 7, table 7.4) for the framework implementation process. The researcher was involved at the early stage of where the framework test was carried out and subsequent information received through earlier established contact. The SMEs by their own admissions confirmed some improvement in those areas lacking performance as outlined in tables 8.3 - 8.6. Confirmation of improvement by the SMEs is evidence derived from the framework implementation that influences performance measures and indicators which is in line with Broadbent et al, (1999) and Miles and Snow (1978), who state that, strategies that organisations engaged with will help impact their business

performance, they advised businesses to apply varied measures in various areas in the organisation.

Table 8.2 below indicates different sets of measures from the four organisations where the framework was applied for improvement and subsequent sections discussed individual organisation as indicated in the table where the proprietors said they have witnessed some improvement in those areas discussed.

Table 8.0.2 SME's /Organisations Used to Validate the Developed Framework

Organisation	Business/Specialties	Key Focused & Monitored Areas												
		Mission Statement	Goal Setting & Targets	Internal Communication	Quality Initiatives & Management	Feedback System	Return/Money back System	Employee Appraisal & Reward	Sets of Measures & Management.	Resources	Strategy	Education & Training	Information Technology	Regular review/ Checks
SME 1	Bakery & Confectionery	nil	nil	poor	poor	nil	not in place	not in place	financial	limited	bulk purchases (discounted delivery)	nil	not effective	never
SME 2	Education Providers/Services	yes	not met	effective	moderate	nil	n/a	nil	students numbers	limited	none	occasionally	moderate	never
SME 3	Textile & Clothing Producers	yes	occasionally	poor	not fully integrated	not active	not fully implemented	poor	financial	great	discount purchase	nil	moderate	Never
SME 4	Warehousing & Distribution	nil	occasionally	poor	moderate	in-place	not fully implemented	In-place	feedback system	great (tangible/ intangible)	locally & nationally	Nil	great/ effective	occasionally

8.5 Outline of Organisations' Issues

This section further discusses individual organisation and performance issues as shown in table 8.2, and to further confirm that the framework is measurable and capable of generating the desire benefits shown in table 8.1; above all, subsequently confirming what the SMEs operators were saying regarding improvement. They reported improvement as a result of the framework application in their organisations, their business have improved on performance specifically in the areas shown on table 8.2.

Furthermore, the four organisations discussed were chosen during the data collection in collaboration with the firm owners, and table 8.3 below indicates types of business and market, also present only information that was made available by the SMEs as shown on the table.

Table 8.0.3 Collaborating Organisation Details

Establishment	No of employees	Turnover	Business/Market
SME1	11	₦ 1.2M	Bakery Confectionary
SME2	22	₦ 2.7M	Education Provide/Services
SME3	27	₦ 4.2M	Textile and Clothing Providers
SME4	17	₦ 6.3M	Warehousing & Distribution

8.5.1 Application of Framework

The framework application process require prior assessment as outlined in figure 7.4 which involves revaluation of the process with a step-by-step approach for its application.

As indicated, all the collaborating SMEs have various performance issues within their businesses; moreover, the framework is user friendly so no technical expertise is required for its application.

The researcher looked at the underlined issues with the company and concluded that each has to be addressed to improve performance and compete with its others, and being a company that is locally situated with aim of expansion applying the framework will help the business at the long run. The SME owner also realised that, in order to revitalise the business, he needed to have a good management team in place for day-to-day operations.

The proprietors of the collaborating organisations all have a good education with management experience which reduces the burden for the researcher to be fully involved in the process apart from the its earlier application. The framework was used to monitor and support various areas within the business where previously none performance, example in SME1 the following issues were noted:

Mission Statement; Goal Setting & Targets; Internal Communication; Quality Management; Feedback System; Goods Returns with Money back guarantee System; Employee Appraisal & Reward; Resources; Education & Training programmes; Information & Technology and regular review and Checks.

The owner confirmed some improvement; he said the business is gradually improving due to the framework application.

The proprietor also said that the business remains committed to improving its performance and making good use of the available resources, like employees who are more involved in planning daily operations with shared tasks and responsibilities. The proprietor also said that the business purchased new equipment for bread production, storage units, handling utensils, oven gloves and also improved on general housekeeping that was neglected before.

8.5.1.1 SME 1 - Background

Specialist in producing bread, established as family business in 1992 with 3 employees produces bread and sells to local consumers within the northern region and extensively produces and distributes to local convenience shops and currently has 11 employees including the owner and it is a grown niche market and requires close monitoring on production.

8.5.1.2 Issues Faced by SME 1

The company endeavour to meet demands as the only factory in the area at the time and keep up with its operations for few years, customers were happy with the products' quality, availability and easy access to the site. The company has not made effective strategic decision in regards to management and competition which has led to decline in sales and turnover, cannot compete with others and is struggling to remain in business. The organisation was faced with many challenges shown in table 8.4 below linked to lack of effective performance measures, and the framework was used to correct these deficiencies.

The researcher was made aware of the company situation during the data collection where prior arrangement was made with the proprietor to test the framework.

8.5.1.3 Framework Implementation Process in SME

After carefully assessing the situation regarding the existing measures in place and the position of the business, a new strategy was necessary to help change things around for the organisation. A complete scan of the business internal and external environment, evaluation of leadership and competences as key determinant for implementation was the first step for the business. A meeting was held with the proprietor to review the existing measures against the framework elements, and the proprietor indicated his willingness to manage with the researcher for change of direction and management approach towards the business that will lead to competing with others.

As shown above, the business lacks a mission statement but the proprietor had a clear idea and vision as to where he wants his business to be nonetheless, and agreed to secure a mission statement with expert help outside the organisation which is in line with Robson's (2002) concept, who declared that many organisations often spends money on the process of developing mission statement and public relations.

This was the right step to putting a mission statement in place that will reflect on the business which previously wasn't there; mission statements that will help define the business purpose and its core values in line with the products and with intended customers.

The existing performance measures were assessed against the PM model with an action plan to help eliminate the gap as shown in Column 2, and aligned with Column 3 actions taken for improvement as evidence of implementation which was later reported by the SME owner; detailed issues are outlined in the table below.

Table 8.0.4 SME1 Issues before and after Framework Implementation

SME 1- Bakery Confectionary	Existing Measures	Corrective Actions Reported
(1) Key Focused & Monitored Areas	(2) Before Implementation	(3) After implementation
Mission Statement	Not in place	Contacted HR/Experts draft Statement
Goal Setting & Targets	Not often	New policy: Daily planning with achievable targets, complete production before certain time based on demands. Advanced orders for advance production planning.
Internal Communication	Not effective	Improved communication performance, channel of communication in place, regular meetings & interactions with employees.
Quality Initiatives & Management	Poor	New policy: process checks before despatched, quality control management/team formation.
Feedback System	Not in place	New policy: customers feedback system, regular interactions on services performance views and relationship building
Returns with Money back guarantee System	Not fully in system	New policy: refunds with managers authorisation
Employee Appraisal & Reward	Not in Place	New policy: performance review and reward system based on turnover.
Sets of Measures & Management.	Financial measures	Improved measures includes: financial and non-financial measures (i.e. costs reduction measures, customers service, product quality, delivery and increased opening hours)
Resources	Limited	Seeking ways to secure funds (Bank loans & friends)
Strategy	Effective	Competitive strategy includes; low price and direct sales to consumers and long opening hours
Education & Training programmes	(No formal training)	New policy: employee induction, health & safety and manual handling training.
Information & Technology	Not effective	Improved IT performance and regular communications with stakeholders
Regular review and Checks	Never	New policy: regular review/meetings, feedbacks and progress report

Furthermore, the above table presents a set of issues and with actions taken in line with the framework. Having discussed each of the seven steps in figure 7.4 the framework implementation process, new policy and measures put in place lead to change in approach and monitoring period for effective and better business performance.

8.5.1.4 Framework Implementation Process in SME1

As indicated earlier chapter 7 figure 7.4 the process of framework implementation, a review of what the business has and hasn't regarding measuring its effectiveness is shown in column 1 and 2 above. This approach was to help identify specific areas to apply the framework for improvement and prudent; the existing measures in column 2 highlights the mapped out areas for corrective measure's application with regular review in conjunction with leadership and team management; proprietor then realised that taking charge of his business is through this approach.

8.5.1.5 Measures Applied Against

As stated earlier, the framework was used to correct the deficiencies; secondly, as indicated in the framework, one of the key elements is leadership and team management. Therefore the target areas as illustrates in column 2 was where the measures were not in place, poor or not effective. The proprietor took charge of monitoring finished products with the help of a few trusted employees as part of the new quality policy of 'checked before despatched'.

8.5.1.6 Improvements Areas Reported

- (1) Costs and wastes reductions
- (2) Better customer services and increase in sales
- (3) Better communication with employees, suppliers and customers
- (4) Improved products quality and packaging
- (5) Improved housekeeping and general hygiene around the factory

As shown above, the proprietor reported that the framework has helped his organisation to improved business performance, set achievable targets through team work with shared tasks.

Also, it helped to reduce cost through planning with better product quality, planning daily production and helping to monitor progress; communication has improved with employees and they are more involved in decision-making with regular feedback. Above all, overheads and other costs have reduced significantly and the business managed its performance better due to the framework application, the proprietor reported.

The researcher couldn't physically witness the progress afterwards due to distance involved but through established contact, the SME owner did send words across, saying that the business was recovering through actions taken as reported.

8.5.2 Organisation 2 - Background

Education providers and services incorporated in the year 2000 with three classrooms block, 18 pupils and 3 teaching staffs including the directors. The school currently employed 22 teaching staff including 3 administrative staff. Started as children nursery for working parents and, in 2003, the school was upgraded into primary and nursery after many visits and inspection of facilities by the education authority due to increase in student's number, massive expansion with upgraded classroom blocks and facilities around the school for better accommodation for both students and staff members. The proprietors have good education background prior to setting up the school with high expectations and prior arrangement was made during the data collection with one of the director who was happy to try out the framework in their school.

8.5.2.1 Key Issues faced by SME 2

As indicated in table 8.2, SME 2 has various measures in place but some were still inactive or fully implemented within the school system, therefore these key areas targeted in line with the framework elements. Hence, the following areas were looked at to fully understand where the framework could be applied, areas such as;

Mission Statement; Goal Setting & Targets; Internal Communication; Quality Management; Feedback System; Goods Returns with Money back guarantee System; Employee Appraisal & Reward; Resources; Education & Training programmes; Information & Technology and regular review and Checks.

Similarly, as shown in column 2 table 8.4 below, with the experience of the school proprietors and researcher involvement for initial introduction to improve and remain competitive help. The school proprietors realise this situation and want to improve and differentiate themselves with other schools through efficient teaching and caring for children trusted in their care, also realise that they must stick to their mission statement of excellence in service delivery.

8.5.2.2 Framework Implementation Process in Organisation 2

The proprietors were committed to the school progress and concern about staff development and the researcher assessed the situation logically. The management team review their mission statement to recap where the school was going wrong. At this stage the PM System model was used to reevaluate the school performance. Through the assessment, they were able to identify the gap within the management, which a strategic plan was created to help closed the gap; the plan consists of the following:

**** Goal Setting & Targets;** overhaul of existing system was agreed to relieve the burden on the teaching staff, and helped set achievable targets and increase performance with the teaching staff. For effective performance, they should only be involved in teaching not teaching and writing materials at the same which was an issue in the system. The management agreed on plans to separate teachers from writing teaching lessons which gives the teaching personnel the flexibility to concentrate on lessons delivery and other academic engagements. The management also reviewed the school syllabus and structure of lessons based on teaching staff's recommendations.

****Recruitment of qualified teaching staff;** this was significant to help reduce the burden on others who had to work longer hours to cover other lessons, it was extremely important to help drive and improve performance among the teaching staff. The new teaching staffs were to concentrate on preparing of teaching materials and delivery after at least a week induction.

****Staffs training;** this is considered extremely important for the school to have basic training on health and safety policy since it is a school and children are involved, quality training on materials' preparation and delivery. Working as team was important in order to achieve progress and changes in the school system and effective communication with recognition of the changes implemented.

Regular meetings was also part of the plan for feedback and review of the process with regular survey from students and interactions with parents on their views on the level teaching and school services as part of the review system; table 8.4 below further summaries the issues before and after framework application.

Table 8.0.5 SME 2 - Issues before and after Framework Implementation

Providers/Services	Existing Measures	Corrective Actions/Improvement Reported
(1) Key Focused & Monitored Areas	(2)Before implementation	(3) After implementation
Mission Statement	In place	Available
Goal Setting & Targets	Not met	New policy: revaluation of syllabus and structure of lessons based course contents/directory by teaching staffs with additional teaching personnel with pre-planned lessons based on class size.
Internal Communication	Effective	Available and effective
Quality Initiatives & Management	Moderate	Improved quality policy in collaboration with planned curriculum with expert advice, visits to other education providers with information exchanged and management.
Feedback System	Nil	New policy: regular feedback/survey from students improved teaching materials, delivery quality and structure. Regular meetings/interactions with teaching staffs on academic issues and school management.
Returns with Money back guarantee System	Not Applicable	Not applicable
Employee Appraisal & Reward	Not in Place	New policy: performance review and reward system based on turnover.
Sets of Measures & Management.	Based on student number	Improved measures, action on feedback received, improved
Resources	Limited	Improved both financial and non-financial resources performance
Strategy	None	New competitive strategy includes: discount scheme for parents with more than one child in the school, school run services for family leaving far from the school, easy fees payment scheme for walking families and after/before school activities.
Education & Training programmes	Occasionally	New policy: employee induction, health & safety and manual handling and training
Information & Technology	Moderate	Improved IT performance: external- regular information with other schools, parents, and education board and government agencies. Internal: improved communication among subject leaders, teachers, students, school management and parents.
Regular review and Checks	Never	New policy: regular review/meetings, feedbacks and progress report on student's progress and compliance with policies.

Furthermore, the staff expressed happiness and support on the new system implemented.

Table 8.4 above with column three represents set of issues with actions taken in line with the framework, and having discussed each of the seven steps in figure 7.4 the framework implementation process a change in approaches and monitoring period to see the effect on the business. The researcher couldn't physically witness the progress afterwards due to distance involved but through established contact, the SME owner did send word across saying that the school performance has improved through actions taken as shown in table.

8.5.2.3 Improvements Areas Reported:

- (1) Reduction on overtime payments, less staff fatigue and absenteeism
- (2) Increased staff morale with better services and increase in student's numbers
- (3) Better communication between employees, students and parents
- (4) Improved teaching quality and material writing
- (5) Improved housekeeping and general hygiene around the school

As shown above, the proprietor reported that the framework has helped their school to improve performance, set achievable targets through team work with shared tasks, the school planned to expand in future to other states in Nigeria.

8.5.3 SME 3 – Background

A private garment company registered in 1998 with trading office and factory in the northern region of Nigeria and distributes through various channels to end users. Started production in the early 1999 with 8 employees and sourced most of its raw materials from local suppliers and currently with 27 employees. Operations within the factory are complex from garment manufacturing which goes through various processes to the final stage of clothing. The researcher made prior arrangements during the data collection with management to test the framework in this factory.

8.5.3.1 Key Issues faced by Organisation 3

The organisation has been in business for decades and established its position within the sector in terms of growth with an experienced management team that understands the process manufacturing. They can manage materials from transformation stages to desired products garments, but in spite of this, the organisation is faced with various challenges observed during the data collection. The key focus areas against PM System model were as follows:

Mission Statement, Goal Setting & Targets, Internal Communication, Quality Initiatives & Management, Feedback System, Returns with Money back guarantee System, Employee Appraisal & Reward, Sets of Measures & Management, Resources, Strategy, Education & Training programmes, Information & Technology and Regular review and Checks.

Table 8.0.6 SME 3 - Issues before and after Framework Implementation

SME 3 Textile & clothing Producers)	Existing Measures	Correctives Actions/improvement reported
(1) Key Focused & Monitored Areas	(2) Before implementation	(3) After implementation
Mission Statement	In place	No action required
Goal Setting & Targets	Occasionally	Improved performance on: plan production with shared tasks/responsibilities, increased in supervision; shift rotation with set task/schedules. Reduce waste and overtime payment/costs and planned delivery.
Internal Communication	Poor	Improved communication performance, established channel of communication, regular meetings & interactions with employees and management.
Quality Initiatives & Management	Not fully integrated	New policy: awareness on procedures and increase on spot checks at all level with management involvement.
Feedback System	Not active	Improved feedback system: regular customers feedback, regular interactions on services performance views and relationship building and with employees
Returns with Money back guarantee System	Not fully implemented and in some cases	New policy: only with management authorisation
Employee Appraisal & Reward	Poor	New policy: annual performance review and reward system based on turnover.
Sets of Measures & Management.	Only financial measures	Improved measures includes: non-financial and financial measures (i.e. costs reduction measures, customers service, product quality, delivery)
Resources	Good (human and financial resources)	Good and effective
Strategy	Discount purchase	Improved strategy includes: low price, direct sales to most customers with discount scheme.
Education & Training programmes	No formal training in place	New policy: no former education training agreed due to costs, induction programme introduced for new employees
Information & Technology	Moderate and require improvement	New improved IT performance includes: increase in networking & collaboration for updates in the sector and regular communication with employees.
Regular review and Checks	Never	New policy: regular review/meetings, feedbacks and progress report form management.

Also, the above table further summaries the issues observed before and after the model application.

8.5.3.2 Framework Implementation Process in Organisation 3

Given the established implementation processes highlighted in chapter 7 table 7.1, careful assessment of the situation regarding the existing measures in the organisation were carried out to eliminate the gap with the use of PM System model. After a meeting with the senior management team to get their views on the existing measures, the management wants to compete relatively well with other garment manufacturers in the domestic market, hence change in approach and direction necessary to continually improve and increase the customer base.

The management wanted more from the employees to reflect their wages; management say the employees are handsomely rewarded part from the normal wages and they also received bonuses every Christmas, though it is the case with bonuses but they disagree with the big wages and based their argument on the economic crisis. Furthermore, management also acknowledged the contributions the employees have made during difficult times over the years; the workforce expressed positive views and willingness to see positive changes in the organisation and wants to work with management to achieve the change. Trust was another issue which employees stress; they need to trust the management team on their personal issues outside the work environment such as family matters. Besides, some of the issues identified are outlined in column 2 tables 8.5 above which were identified during the meeting.

8.5.3.3 Measures Applied Against

As discussed earlier, the framework was designed to correct SMEs' deficiencies; secondly, as indicated in the framework, one of the key elements is leadership and team management. Therefore the target areas as illustrates in column 2 was where the measures were poor, moderate and required actions, and not active. No outsider or expert help required, change in approach, effective communication and trust was needed for success. Regular review and meeting on issues as agreed to drive the measures for better performance.

8.5.3.4 Improvements Reported Areas

- (1) Reduction on cost and better customer services
- (2) Better working relationship with management and workforce

- (3) Improved communication in all levels, transparency in decision making and workforce in involvement on the process
- (4) Improved quality products and checks during the manufacturing process and at the final stage before despatching to customers
- (5) Promotion introduced with an increased in bonuses based on productivity.

The outlined illustrates improvements seen and reported by management team.

8.5.4 SME 4 Background

Warehousing & Distributions Services incorporated in 2001 as a private company with 5 employees, started as small-scale storage and distribution in the northern states of Nigeria currently with 17 employees involved in various warehousing and distribution services for wholesalers and retailers nationwide. The organisation always delivers on its promises. One of the key strategies used is the geographical coverage with a new fleet of trucks and experienced drivers who know their way around the country.

8.5.4.1 Issues faced by Organisation 4

The organisation provides warehousing and delivery services to many retailers around the country, one of the survival strategies is the organisation's ability to cover long distances which has brought success to the business over the years and expanded its market base. The researcher was introduced to the company for data collection; it was agreed with the senior management to test the framework afterwards to help improve the business performance. Since the business started its operations, they are doing ok in terms of performance, the business delivery service is relatively competitive compare to others with a reasonable number of trucks with fuel efficiency secured to further improve its distribution network, and want to take advantage by decreasing delivery time for its customers. Based on this business intention the framework was used to monitor the following areas to help eliminate the gap, these are:

Mission Statement, Goal Setting & Targets, Internal Communication, Quality Initiatives & Management, Feedback System, Returns with Money back guarantee System, Employee Appraisal & Reward, Sets of Measures & Management, Resources, Strategy, Education & Training programmes, Information & Technology and Regular review and Checks.

Furthermore, the table below illustrates the issues with the organisation; column 2 indicates a set of existing measures, what was effective, what measure wasn't, active and non-active. The management realise and understands that change of measures and approach was the only way forward for the organisation and shows their willingness to apply the framework against their current measures to improve business performance.

Table 8.0.7 SME 4 - Issues before and after Framework Implementation

SME 4 - Warehouse & Distribution	Existing Measures	Corrective Actions/improvement reported
<i>(1) Key Focused & Monitored Areas</i>	<i>(2) Before implementation</i>	<i>(3) After implementation</i>
Mission Statement	Nil	Consulted experts for mission & vision statement draft
Goal Setting & Targets	Occasionally	Improved policy includes: planned daily operations/ delivery strategy, vehicles optimization, bulk delivery certain destination/locations, increase in employee's involvement with shared tasks with management supervision.
Internal Communication	Poor	Improved communication performance, channel of communication in place, regular meetings & interactions with employees.
Quality Initiatives & Management	Moderate	New policy: awareness on procedures and increase on spot checks at all level, checks before despatched, quality control with management involvement.
Feedback System	In place	Active/effective
Returns with Money back guarantee System	Not fully implemented	New policy: management authorisation with evidence/reason for returns.
Employee Appraisal & Reward	In Place	Active/effective
Sets of Measures & Management.	Feedback System	Active/effective
Resources	Great both tangible and intangible	Active/effective
Strategy	Locally and nationally (Nationwide distributions)	Low delivery charges, wider coverage , locally and nationally (Nationwide distributions)
Education & Training programmes	Nil	New policy: staff induction & in-house training introduced, manual handling and Health and safety training.
Information & Technology	Great/effective	Active/effective
Regular review and Checks	Occasionally	Regular meetings and progress review

Based on the existing measures in column2, researcher was able to identify what measure was active and where it requires attention for improvement.

8.5.4 .2 Framework Implementation Process in SME1

The implementation processes highlighted in chapter 7 figure 7.4 were used for careful assessment of the situation regarding the existing measures in the organisation to eliminate the gap with the use of PM System model.

Meeting with the management team was agreed, first was a mission statement to be drafted one that should reflect on the business and its core values, and management needed help to get it done. HR/business consultant was contacted, however, the directors had an idea and direction for the business since they have floated the business over the years but time has come for things to be in place.

Another problem with the business was communication, no established line of communication in place, employees often left wondering of what is going without being briefed on changes or business plan. The directors admitted and agreed to have staff briefings when possible but the immediate communication channels were information coming from the top to the bottom. This approach was measured in terms of its effectiveness, the management agreed that it will increase trust between the management and the employees.

The framework was also used to appraised existing measures on training, as noted must employees never had any formal training, the basic training on health and safety, manual lifting for employees was introduced in the form of a video where the shop floor staff were encouraged to watch in order to learn to carry loads as most of the jobs involves lifting, this was seen as paramount for those employees carrying heavy things, also the use of hydraulic trucks with hand trucks for carrying pallets was introduced to ease the burden of lifting. The directors agreed to listen to the workers as a way of building confidence and trust which in turn will boost employee's morale and increase their performance.

8.5.4. 3 Measures Applied Against

As discussed earlier, the framework was used to correct the deficiencies; secondly, as indicated in the framework, one of the key elements is leadership and team management. Therefore the target areas as illustrated in column 2 was where the measures were poor, moderate and required action, and not active. The directors seek outside help in drafting the mission statement to reflect the business change in approach; effective communication and trust were needed for success. Regular review and meeting on issues was agreed to drive the measures for better performance.

8.5.4.4 Improvements Reported Areas

In organisation 4, the directors and management team were happy with initial introduction of framework and review of existing measures against the framework; this has led to better collaboration with employees with changes of attitude. The directors said that the framework has helped the business improve;

- Customer services
- Delivery time has improve through planning
- The business are more cost effective than before
- Employee's morale has increased working abilities
- Internal and external communication also improves.

As mentioned above, the directors said that the application of the framework has helped increase efficiency and general performance through team work with shared tasks.

8.6 Monitoring Period

As mentioned earlier, performance determinants are classified by two factors: **internal** and **external** factors, and according to Zigiari (2000) there are three key elements that determine business success, these are:

1. The input → such as materials or customer's information
2. The process → how the materials, data or information are managed
3. The outcome → expected result or deliverables.

These three steps helped SMEs to restructure their businesses, put in place appropriate measures, increase circulations, learn and implement to be successful. Zigiari (2000) also states that the challenging part of each of these stages is the processing, where its objectives are to intervene and ease the difficulties on time and resources. It is there to help businesses have a complete rethink, enforce dramatic changes, critical improvement and up-to-date performance measure in the form of speed of services, quality and cost (Zigiari 2000). Therefore, the framework was developed to help the SMEs have a rethink of performance measures with each element capable of improving business and compatible with Zigiari's concepts.

Consequently, feedback received from the four SMEs covering a nine (9) month period reported some changes and signs of improvement resulting from the use of the framework and set actions. These improvements came about through SME's effective management of:

Resources: allocation of resources were prioritised by SMEs due to various restructuring programmes, with clear vision on business direction, more customer focus than before, resources were also allocated to necessary areas. Attention is now into this strategic area through an increase of tangible and intangible resources.

Strategic Planning; key decisions are made from cooperate level of the business and utilization of the business resources through long-term planning and execution based on the individual organisational resources. Kraus *et al.* (2007) states that strategic planning is a contingency plans put in place by organisation to help tackle the current any future complexity in the organisation. The SMEs saw the need to strategize since their business due to unfamiliar territory and aligned the business henceforth. Through the strategic planning, SMEs are able to generate various programmes for specific goals and vision and guidelines for achievement.

Strategic Management; The term strategic management formed in 1980 through strategic planning (Kraus *et al.* 2007). In addition, it enhances business long-term oriented plans, help directs business towards future growth, and fosters relationships between operational with senior management level aiming to achieve the business mission, vision and culture (Haake 1987; Voigt 1992).

Through application of the framework, SMEs are more proactive now than before and focus on the significance, formulate appropriate measures that are applicable to their business, allocate adequate resources through strategic thinking, requirements and planning and the right path growth and profitability. For more on framework management process (see chapter 8; section 8.7).

Appropriate measures; the need for SMEs to align PM Systems with business strategic goals is highly important (Kaplan 1983; Eccles 1991; Gregory 1993). Furthermore, Kaplan and Norton (1992) stated that the SMEs are now formalised and provided resources to execute each measure, use the formed measures to evaluate overall performance.

Based on this, and with the use of the framework, the SMEs are able to align their strategic measures with the business vision, measures developed with resources for its execution. It has helped management to providing feedbacks and update measures and goals, creates a balance measures involving financial and non-financial to achieve strategic alignment.

Accountability; according to Walsh and Seward (1990) the main purpose of accountability in organisations is to be transparent, take responsibilities during and after business operations, scrutinise business and corporate activities involving managers and executives within and outside the organisation. Roberts (1991:365) also states that accountability benefits concept is to self-affirm and other's interdependence to enable choices, responsibility and enhances an active moral of self, different from but interdependent with others.

Based on this analysis, the fundamental concept of framework application in SMEs is to enhance essential changes, help the SMEs managers and operators to redesign the business processes to achieve foreseeable growth in relation to quality, cost, services and speed in response to customer services.

In summary, this section has discussed the progress made by those SMEs that applied the framework; their feedback was necessary as follow-up to further authenticate the research aims and objectives due to its contribution to knowledge. As shown in table 9.1, the key areas where some of the SMEs experience non-performance, however, after careful analysis of the situation performance framework was recommended which was adapted and implemented, SMEs are now witnessing improvement in many areas within the businesses, and this has led to achieving some of the desired outcomes.

Through feedback received from the SMEs, the researcher believes that an appropriate framework was necessary for implementation and adoption in SMEs in the chosen location. In this chapter, the developed framework and validation process have been discussed and deemed necessary, to help validate and authenticate the uniqueness of the framework and its application to guiding the SMEs to achieve their business objectives and vision.

As shown in section 8.1-8.5 above, the framework validation in collaboration with the four organisations which reaffirmed the idea generated from the EFQM excellence model, with a track record of helping business to achieve their performance objectives through leadership. The EFQM model has the option of scoring for an award of excellence but is often expensive for the small businesses and some concepts also require expert interpretation but, in the case of the developed framework, this is quite simple for SMEs without technical difficulties or interpretation.

Chapter 9 – Summary and Conclusions

9.1 Introduction

The purpose of this chapter is to summarise the research findings set against the context of the original aim and objectives and reflect on the overall contribution to knowledge, theory and practice made by the research. The researcher also uses this section briefly to reflect on the research journey and emphasises the framework with its significance to measuring SME performance and importantly each element requires good leadership and team work resting upon EFQM concepts from which the framework originated.

Generally, the study of SMEs revealed that many SME operators and managers suffer major setbacks resulting from several factors that give rise to many publications in recent times around the globe (Mohd *et al.*, 2010; Samad 2007; Saleh & Ndubisi 2006; Decker *et al.* 2006 and Ritchie & Brindley 2000). These setbacks pave the way for first, second and third generation performance models and frameworks, such as scorecard and performance prism to help shape business performance standards.

Similarly, the shaping of performance norms with frameworks and models are not limited to only large organisations; the small organisations and businesses known as SMEs are also affected by these performance setbacks; specifically the SMEs in African countries such as Nigeria where this study was conducted. On that note and based on the research rationale which was to explore SMEs PM Systems and management; the chosen region, northern Nigeria, was selected due to its vast economic development since independence in 1960 and that the country's rulers are mostly from the region. These factors arguably make the region more suitable for research.

The methodology and approaches applied differentiate this research with others in addition to the framework developed for the SMEs, which further authenticate the uniqueness with its features to help the SMEs achieve their business objectives in the chosen region. Similarly, based on the current literature, very little research has been conducted in Africa and Sub-Saharan Africa, including Nigeria, when compared to developed countries and regions where there exists a plethora of publications and where research has been conducted for many years

now. Therefore, the study makes an important geographical contribution by focusing on a developing nation, in addition to its broader contribution to knowledge in the research domain.

9.2 The main findings - Premise of the research

The advancement of PM System theories in recent time signifies the importance of common practices in SMEs and other sector's business management to actualise their business mission and vision. Business models regeneration identify many factors affecting business processes and success, for example SMEs, whose role in job creation and revenue generation has been acknowledged globally, yet have not been fully utilised in most African countries to help in advancing the economy and stimulate growth.

However, Nigerian developments and advancements within the continent and world arena cannot be down played, which have been assessed, and adopting performance framework by the SMEs will significantly boost the sector's growth.

Therefore, the research embarked on examining issues affecting SMEs performance in northern Nigeria, chosen as the main focus in meeting the research aims and objectives (see chapter 6 for discussions of findings, results and outcomes). Based on that, the following steps were taken by researcher to sufficiently address the research objectives shown in chapter 1, section 1.3.1 as thus:

Objective 1- *To investigate issues affecting SMEs performance in the region as highlighted in the literature.* The research applied mixed approaches to unveil this phenomenon; this objective was achieved through the design and development of research tools used in collecting information from the SMEs. Information was collected from the participants with application of survey and interview questionnaire instruments with further use of two case studies to help reveal how the SMEs in northern Nigeria managed their business operations and measures put in place; (Campbell and Fiske 1959; Webb et al 1966; Denzin 1978; Boyed 2000 and Creswell 2003), and for data analysis and outcomes (see chapter 5, section 5.1-5.6 and chapter 6, section 6.1-6.3)

Similarly, the designed questionnaires help to tackle specific performance measure-related issues for greater understanding of the causes of SMEs failures after a few years of formation.

The results are discussed and triangulated, the rationale for the triangulations was to validate findings from each approach with another example, the survey findings with interview findings and case studies helps to broaden the scope of the research, enhance awareness and reasons for the SMEs failures, and also help to accomplish the research objectives (Robson 2010).

Objective 2: *To critically evaluate the PM Systems used by the Nigerian SMEs to help gain insight into what is measured and what is not.*

The research achieved this objective through collection of information from the participant's organisations, through mixed methods in line with Robson's (2011) concept. Information was gathered from the SMEs on current performance measures, PM systems, framework and models used. According to Oppenheim (2005) and Robson (2011) there are various methods available for researcher to increase response rate of sampling (see section 4.9.5).

Prior to embarking on collecting information as discussed in chapter 5; the research took the necessary approaches to ensure the right questions were asked, eliminate any bias and to help revealed the PM Systems used by the Nigerian SMEs, and to further gain insight into what is measured and what is not, in line with concepts from Spector (1992) and Robson (2011).

The process was facilitated through: (1) sets of questions formed through literature review on performance measures, systems and management, (2) modified set of questions from other researchers from previous studies on SMEs performance measurement and management of (Wu 2009; Ngu 2005), which the researcher found to be compatible with this research.

The researcher further embarked on tests to ensure the developed instrument's suitability, reliability, and consistency and making sure that the questions were not leading in line with concepts from Burns and Grove (2005) and Spector (1992). Also, various performance measurement theories and framework were examined to determine appropriateness and previous usage. This approach led to a conceptual framework being developed for this study (see section 4.9.1). Through this approach, the research subsequently adopted a five point Likert scale and incorporates it into designed questionnaires. The developed questionnaires went through pilot studies as a prerequisite before conducting the main study to unveil SMEs

performance-related issues; this approach is line with Van Teijlingen and Hundley (2001) and Burns and Grove (2005).

Objective 3: *To examine various performance measurement systems, frameworks and theories to determine its suitability for the SMEs usage in order to make appropriate recommendations base on the findings.*

On this, information were collected through the administered survey questionnaires and processed into data with the use of Statistical Package for the Social Science (SPSS), analysed and interpret same into a readable report format to help increase understanding as to why some SMEs used PM Systems to measure and manage business performance and why others do not. The analysed data revealed many factors affecting SMEs that enhanced understanding of their non-performance, as discussed in chapter 6.

Those factors were; (1) investigated as variables in three stages namely, survey, interview and case-studies, known as mixed or triangulation approaches, (2) the variables were transcribed into readable format in figures, tables and (3) discussions were also carried out on each of variables outlining the issues as shown on each table and figures. (See chapter 5 & 6) The discussion above clearly illustrates the steps the researcher took to ensure that the research objectives outlined in chapter 1 are met, and for detail discussions on how these objectives were met (see chapter 6, section 6.5.5).

On the other hand, several reports on PM Systems indicating that businesses attained growth through the use of balanced measures (Ukko *et al.* 2007; Hoque 2004; Martinez and Kennerley 2005). Many writers also doubt the overall benefits derived from the use of PM Systems which can easily lead organisations to preoccupy with performance measurement at the expense of management. Also, the reviewed literature and previous research carried out (Okpara 2011; Ihua 2009; Okpara & Wynn 2007 and Arinaite 2006) on SMEs failures in Nigeria indicate SMEs failures after a few years of formation. Therefore, these factors was the main aim for conducting this research, to examine the application of performance measurement (PM) practices within manufacturing small and medium enterprises (SMEs) and the management of PM Systems in this sector to and address this phenomenon from a practical standpoint. Based on that, a conceptual framework was developed in earlier chapters with key propositions and prospects for the SMEs with specific indicators as key enablers for

an SME. This approach enables assessments with the findings to determine how the SMEs measured their business performance, how PM System was used, what is measured and how it is measured by SMEs, what is results and outcomes which has been addressed in previous chapter, hence the research aim has been met.

9.3 Identification of PM System practices in SMEs

In order to effectively address the overall questions of SME's performance measures and practices, the findings from this research, discussed and triangulated in previous chapters, are summarised below in four subsections,

1. Findings from secondary research – literature review.
2. Findings from review of existing models.
3. Findings from empirical research.
4. Framework application.

9.3.1 Literature review findings

The literature first looked at the theme of previous researches conducted on performance across business sectors performance to help build knowledge and direct focus on business performance measures and PM System to enhance synthesis of various sections within the study. The reviewed literature has shown the significance of performance measurement across a spectrum of business with strong indications of how the framework helps increase the organisation's efficiency for the operators. The holistic nature of the performance measures' framework also signals the competitiveness and challenges organisations faced in the past decades due to the changes in technology and market dynamic.

Various performance theories point out many of the challenges facing SMEs, well as strategies to put them on the right footing, shaping their behaviour competitively, and help equip them to face those challenges as business strives to survive the stiff competition. In spite of the criticisms witnessed in the early days of PM Systems, the benefits after its implementations are argued to outweigh the cost.

This study literature also revealed some gap due to SME owners and managers ignoring other vital areas within the business, such as effective *management of day-to-day operations* and control as *strategic objectives* are often *overlooked*. Communicating the business strategic

vision to all levels of an organisation is vital to understanding performance measures objectives across all units of the organisation. This understanding involved teamwork and effort should also be made to get all stakeholders committed to its success.

Based on the research findings discussed in chapter 5, which shows the existing measures employed by the SMEs in the research location, these findings give need to improve on the currently employed measures to help them improve on their business objectives. The framework treated as integrated process to enhance performance. Furthermore, the earlier literature findings also revealed many factors that hampered SME's performance in Africa that is consistent with these research findings through the analysed data and results (see section 8.4.3), also SME's constraining factors were revealed through the literature also consistent with the research findings.

There are many frameworks and models developed and in use for business performance management. However, these models and frameworks have been developed to be applicable and suitable for organisations in the developed economy. This research has addressed this gap. It has placed emphasises on, (1) addressing the lack of rigorous research on SMEs performance in Africa and sub-Saharan Africa, (2) the use of mixed methodology to explore SMEs performance, and the systems and models they employ to measure performance (3) that the African continent is still largely underdeveloped regarding infrastructures and innovation and (4) the development of a PM model in the research context of sub-Sahara Africa with ease of use for SMEs. Therefore, these four distinctive features make this research important, unique and significant in contributing to knowledge within the research domain.

Furthermore, this study has established that implementation of PM System with the right measures for SMEs can help operators and managers overcome constraining factors and achieve business growth and competitiveness; moreover, the unveil improvement for some SMEs as a result of their application of the developed framework see table 8.3 column 3.

9.3.2 Findings from review of existing models/frameworks

It is with the utmost importance that the northern Nigerian SMEs adopt the practice of measuring their business performance, and the newly developed framework for this study

adds to the current existing framework for Nigerian SMEs to carry out the performance practices that involve constant scrutiny of all activities within the business that will help to achieve long-term growth. Judging from where the SMEs are today from the data results and outcomes, and from a business perspective, implementation of a suitable framework and model will get them out of the woods and on their way to recovery, and to continue to boost the economy, job creation and revenue generation for local, state and federal government.

Through reviewing and studying existing models and frameworks an understanding can be developed of people's scepticism regarding the use of tools in measuring business performance. They often asked questions like, why measure or what is behind this measuring of performance. Exploring organisations of various sizes, the study then revealed that performance models have their use and suitability for better output. Also, many characteristics of performance measures were identified with applicable dimensions of performance used in assessing performance measurement approaches in the literature, which highlights performance development processes.

Survey methodology was also employed to explore and establish the present performance measures and practices in the region. This process helps to reinforce and evaluate many PMS issues. However, the earlier reviewed literature shows that some of the models and framework are not suitable for SMEs in measuring business performance, as many were design for larger businesses, which gives rise to new framework being developed in order to correct any of such PM System issues, unsuitability to foster growth for the SMEs but suitable for SMEs in developing economies.

Similarly, the data analysis help to confirmed the types of measures employed by the SMEs such as the PM Systems, frameworks and models which has increased knowledge on what is measured and what is not; it also established a percentage of the models, frameworks and other internal methods employed by SMEs in measuring their business performances

Also, the use of some performance models and systems highlighted in earlier literature indicates limitations and unsuitability for the SMEs which may be in part illustrate why many are failing; while many use it for short periods and move on to try other systems and models afterwards, perhaps demonstrating a lack of knowledge about strategic management.

Judging from the data collected, it appears some business owners developed a practice of “try; if you do not succeed move on” without strategically thinking of alternatives.

Constant review and monitoring of progress against the employed framework is required by SMEs or any organisation for that matter in order to succeed. Though it might be complex, helps in knowing where and what direction the business is going from an operational point of view. Based on the performance models/framework applicability to certain businesses, it shows that performance is not an end in itself, but as a business strategy, one that helps businesses through process integration which issues are identified for immediate action.

The study further revealed that PM Systems can lead SMEs to set targets and meet business objectives, and it also gives the business owners an insight into how well the business is performing; if they are making profit or not. On the other hand, goal settings and objectives enable SMEs to know how well the business is doing, and plays crucial roles in determining what measures are needed.

Also, the literature review revealed that traditional performance measures are often seen as having mainly accounting concepts and regarded as inadequate to evaluate the totality of performance against organisational strategic objectives; or seen by external stakeholders as mapping the process performance and improvement.

Various theories examined also indicate that performance measurement cycle within the system plays a significant role in detecting and tracking progress against organisational objectives; identifying opportunities for improvement; linking and setting the require standard for businesses. Similarly, a review of performance by businesses is a significant step when formulating the strategic direction for the business; it also helps to identify their strengths and weaknesses as part of the ‘Plan → Do → Check → Act’ cycle.

Finally, the literature review revealed that performance measures, indicators and metrics have stages of development, from the start to the final stages. To be most effective, these processes and stages should be followed because they each have the capacity to ascertain the results for decision-making, and for improving all the units within the organisation and team management.

In summary, through the examination of various frameworks and models, a conceptual framework was developed for this research, having the approach of Excellence business management model discussed in the preceding chapter. That is a strategic approach for SMEs to achieve their mission and vision; significantly, the framework has the leadership qualities, which SMEs require as key success factor for their businesses.

9.3.3 Findings from primary research

The primary research involved the collection of data from mixed approaches, including survey data, interview and case study data to authenticate the findings (see chapter 5 and figure 5.1). Triangulation helped to increase the strength and reduce the weaknesses of each approach as the study contributes to knowledge in many ways for the Nigerian SMEs operators.

The study aims and focus were to strategically examine and evaluate the application of performance measurement (PM) practices and systems within manufacturing SMEs in northern Nigeria in order to develop an original performance measurement framework that can be effectively applied to support firms in achieving their business objectives which lead to various testing of instruments to effectively carry out the investigation. This led to the collection of primary data from 161 SME owners and managers (*survey, interview and case studies*) from which several phenomena were unveiled as the impact factors that hampered SMEs performance and growth that further led to failures and closing down after a few years of formation. These unveiled factors are shown in the table below:

Table 9.1 Causes of SMEs Non Performance in the Northern Nigeria

Learned Factors	Analysis
<i>Poor Infrastructures</i>	<p>The infrastructures includes:</p> <p>(1) <i>Road network</i>; leading to SMEs location many are difficult to access by car, van and even harder with trucks especially during the rainy- session and significantly hampered SMEs progression.</p> <p>(2) <i>Communication network</i>; cabling and installation are poorly maintained, many of the businesses have no telephone line where certain business transactions/negotiations could take place; the installations have unnecessary delay after applying for a line</p> <p>(3) <i>Unstable electricity supply</i>; SMEs inability to have uninterrupted and reliable electricity supply causes negative effect on SMEs business and significantly affect their performance, it also hampered daily operations of SMEs regardless of the business.</p> <p>(4) <i>Transportation network</i>; effective distribution of good and services, movement of people from one location to another, employees commuting to work give rise to economic growth. The study uncovered a significant lack of investment from government and private sector to boost the economy this neglect restricts SMEs customers exploring the goods or service beyond their locality unless with own transport battered public transports that can only go so far with passengers without heavy good and in turn increases the cost.</p>
<i>Poor locations</i>	The location of an SME is essential for customers who patronise the business, and as key success factor. Storey (1994) identified products and markets as strategic component for SMEs success; strategic location will enhance a business's turn over and growth, also an approach impacting factors affecting SMEs performance.
<i>Lack of marketing strategy</i>	The Advisory Council on Science and Technology (1990) and Hughes (1991) recommended established SMEs helping the new comer growth constraint. It is in recognition of the established market based and relationship among the SMEs owners, managers and customers. Developing and managing the strategy have enormous benefits and growth for SMEs.
<i>None access to major suppliers for leverages on prices</i>	Many of the SMEs buy goods from wholesalers and don't have access to major suppliers that would've given rise to price negotiation that can be passed on their customers. Business environment today require strategic adaption to compete in the ever-increasing pace and complexity; while costs reduction in all aspect of transaction enhances profitability. Such reduction comes from leverages and relationship between SMEs and supplier. According to Hughes and Michael (1998) an organisation achievements come from superior performance resulted from products sold at leverage prices.
<i>Lack of significant Resources</i>	Literature (Okpara, 2011; Zaid, 2012; Gunerergin et al. 2012; Irjayanti & Azis 2012) outlines the achievements of SMEs and its contribution to economic development of many nation and job creations. Still, many SMEs lack tangible and intangible resources to revamp their businesses. Many use their life savings to start the business while some borrow from friends and family members. These factors contribute significantly to SMEs failures and sector underdevelopment uncovered during data collection.
<i>Lack of management skills and experience</i>	Studies conducted by Okpara and Kabongo (2009) and Okpara (2011) illustrates that SMEs lack management skills, experience and infrastructure as main hindrance of SMEs growth in African, while many don't have sufficient training and expertise to managed their business. This factors has negative impact that results to an SME closure and loss of capital invested and many lack education, many have first school leaving cert, this turn have significant effect on business due to lack of managerial skill to effectively managed the business effectively.
<i>No incentives to attracts customers</i>	Hughes (2013) reclaimed the old saying that customers are always right and significant in this case. Therefore differentiation is required among SMEs with their competitors through retention and attracting new customers, this retention should apply to all business activities (Hughes 2013). Thus, provision of incentives to customers increases customer's base, and word of mouth from a happy customer indicates good services or incentive provided through the use of good measures and performance.
<i>Non-management of performance and systems</i>	Implementation and efficient management of performance measures give rise to better results in an organisation (Ahn 2001; Said et al. 2003; Pinheiro de Lima 2009). De Waal (2007) argues that directing an organisation to success is possible though a systematic approach, classification of mission and objectives that are measurable through success factors and performance indicators which corrective actions need taken to keep the business on track.

In summary, based on these factors, an effective framework was developed to help SME owners and managers manage their business performance. Based the data collected, analysed interpreted and subsequent developing of effective framework for the Nigerian SMEs; and with the preceding discussions which accurately highlights the findings of this study; in addition, resources highly influence the SMEs' performance which includes tangible and intangible with good leadership for effective management. Therefore, this research has achieved its set out aims and objectives.

9.4 The Research Contributions - Introduction

This section first discusses some of the key performance issues investigated that affect the SMEs and steps taken to address those issues. The later sections discuss the research contributions to knowledge, the research limitation, conclusions and recommendations made for further study.

As discussed in previous chapters, explicitly in chapter 5 figures 5.2 which established the research stages and how it evolved; such as the data collection processes with subsequent analysis, results and outcomes. The research further triangulates the findings of each approached as hinted in chapter 1 aims and objectives, and the methodology chapter.

Discussing the research findings helps to determine and have clearer idea of the cause of SMEs non-performance as the main aim of this research that led to knowing the sort of PM Systems used, what is measured and what is not as previously discussed in the data analysis section. This approach also led to achieving the research objectives also discussed in previous chapter; significantly, through the discussions of the research findings on each measure known as variables gives clear indications of how the Nigeria SMEs measure their business performance.

Also, these findings to establish can also be seen as evidence to why many of the businesses not performing, this non-performance further led to business failure after few years of formation; table 9.1 also summarises more of the reasons of SMEs non-performance. Based on these factors and viewing it from Nigerian perspectives; a step-by-step framework with various elements to support both internal and external environment was developed for the SMEs helps achieve their business vision and mission. Essentially, the framework has some

of EFQM concepts which with history of success and well-documented evidence from many organisations that implement the EFQM framework.

9.5 Contribution of the Research

In assessing the entire research outcomes from Nigerian perspectives; starting from the literature review stage through conceptual framework development, applying the adopted methods for data collection, discussions of findings, triangulation results, and framework development and validation it is argued that unique and significant discoveries have helped not only the researcher but a wider audience within the research domain, The research has helped to increase knowledge on SMEs PM Systems, the models and measures employed by SMEs in the chosen region as well as factors affecting SMEs growth.

Davenport and Prusak (2000) portray knowledge as a solid blend of experience and values with appropriate information, and knowledgeable insight with a framework for assessing new experiences. In addition, knowledge created, applied in individual minds and within organisations is rooted through procedures, repetitive practices and norms (Davenport and Prusak 2000).

Based on these views, this study therefore contributes to knowledge and sets standard procedures, routine practices and norms for the Nigerian SMEs. For example, the conceptual framework developed in early chapter with propositions on SMEs on SMEs internal and external performance which helps set the path on what should be measured, above all, has EFQM model concepts with leadership as the key enabler. These concepts can also be linked with the PM model developed for this research to help the SMEs to achieve their business objectives which is different with other models. The contributions of this research are summarised in three standpoints: managerial, theoretical and practical.

9.5.1 Managerial knowledge

The research and its developed framework will enhance SME owners and manager's decision-making, increases prospects for improvement and effective comparison for both internal and external with competitors and help to creates awareness for strengths and weaknesses. Moreover, it will help managers to communicate achievements and strategically

align the business objectives and coordinate initiatives, acquire feedback and learn through the process and update plans.

It will enable management to communicate with employees and teams to know the organisation's objectives and how individual teams contribute to achieving such objectives in line with the business values, successfully manage and integrate employees through planning of performance measures in line with organisational capability primary to achieve superior performance.

Also, it will help to outline critical success factors to support approaches within the organisation such as underlining the need for changing corporate culture to one that will support team formation and team management.

The framework supports SMEs to concentrate on continuous improvement within a strategic performance measurement system and good style of management.

Finally, the framework will help SMEs' owners and managers to evaluate individual measures on a day-to-day basis in order to fully utilise the available resources to optimise performance and productivity and take necessary corrective actions.

9.5.2 Theoretical knowledge:

The framework contributes to existing knowledge for practitioners and academics, serving as a toolkit for training SMEs on how to implement measures that will lead the business to achieving its mission and vision and sets directions for future study.

As enablers for internal process, it helps to guide SMEs to interpret the organisation's vision through long-term strategy, outlines key success factors in each perspective and converts them to critical measures.

Based on findings of this study, the framework will serve as an effective instrument and help provide better and faster information needed for improvement, cost reduction and increase efficiency for the SME.

The framework will help SMEs to achieve financial returns on investment, improve internal process, enable effective management of operations and optimise resources significantly.

9.5.3 Practical knowledge:

The framework helps SMEs set criteria and dimensions, enlightens the SMEs as to what is suitable for performance measures and key indicators while defining how, why and what to measure for the SME owners and managers. It will further enhance SME's knowledge on practicality of reading and understanding data obtained, to know what direction the business is going and use that to improve the business performance. It will help SMEs generate real value based on the generated data from the measurement systems.

It can potentially give rise to a culture change and help SMEs focus on important measures and simplistic procedures that encourage flexibility and feedback, and react to customer's needs. It will help change SMEs co-operative mind-set, foster higher commitments on business growth while instilling strategic leadership on process and help in building sound knowledge.

Furthermore, if effectively employed, the framework will enable employees to have more responsibility and authority through knowledge creation and familiarity of daily operations or routine. Potentially this can in turn encourage job satisfaction among the employees, foster better performance and employee retention for the business while developing shared and creative ideas.

9.6 Researcher General Thoughts

The overall experience has been an overwhelming one from the start to the very end. Being self-funded presented numerous challenges. However, it is maintain that the main aim of the research has been achieved. The researcher set-out to explore the causes of SMEs non-performance in the chosen location. The findings gave rise to the development, testing and validation of an original performance management framework reported to have benefited the collaborating organisations to increase their business performance as intended. Having adopted and incorporated EFQM concepts into the framework with a proven success record by many organisations has helped enhance their business performance. Based on these facts, the researcher fully believes that the developed PM System model for Nigerian SMEs is ready for use. However, it is a model; each element must be adhered to with good leadership in order to lead the organisation to achieve its mission and vision.

9.7 Limitation of the study

Like everyday life, there are limitations to what humans can accomplish. According to Simon (2011), there is potential for limitation that is often seen as weakness in every piece of research and is out of the researcher's control. In view of Simon's assertion, a number of existing methodological and conceptual limitations were noted earlier, which various triangulations were used to resolved these limitations as advised (Baum 2002; Miles and Huberman 1994; Dezin1989). The researcher took steps to tackle those limitations but not all limitations were dealt with. These are:

(1) *Location* – the chosen location for this study has an historical basis, it is Nigeria's most developed region economically, and prior literature regarding SME failure in Nigeria did not identify this within a Nigerian setting, where SMEs are more likely going to fail here than in other regions.

Since the study was conducted solely in the Northern part of Nigeria, care should be taken in generalising the results more broadly. However, it is argued that the development, and the way it was constructed provides a useful model that can be adapted to different circumstances.

Besides that, other limitations include:

Methodology – only two cases were used resulting from access granted by the SME owners, as was the interview conducted, which was to only 17 SMEs. The researcher would have loved to increase that number, and to use other options or alternative of analysis to outline the result and interpret the findings.

Resources, due to the chosen location for the study, which is northern Nigeria, funding the research was almost impossible. The financial resources were very limited to fund the study and the research is limited to what finance was available for the researcher; the researcher would have loved to widen the research to other region.

9.8 Comparison Analysis between the UK and Nigerian SMEs

Woldie *et al.* (2008) stated that the study of SMEs has emerged in its own right resulting from innovations and solutions they render in relation to economic problems, such as employment and revenue generation. Woldie *et al.* (2008) further declare that employment

generation from SMEs is a consensus as well as its importance in various countries around the world.

Despite this, the focus of attention has mostly been on the SMEs in developed nations.

This research helps to address this short fall being situated in northern Nigeria”. Sampling method was chosen through expert opinion that led to uncovering of what is measured and what is not measures by SMEs in the chosen location. (for more on sampling see chapter 4: section 4.11 – 4.12.2).

This generalisation came from studies conducted on SME performance by Ihua 2009; Aremu and Adeyemi 2011; and Okpara 2009 which highlight external environment factors that are contributing to the SME failure in Nigeria, for example, economic conditions and poor infrastructure; factors are consistent with findings from this research.

Secondly, as the researcher domiciles in the UK, this gives rise to stressing a few points about the state of SME performance in Nigeria (developing economy) and the UK as a developed economy. After a thorough examination of literature on both the UK and Nigeria SMEs, the researcher concluded that they are distinctively different resulting from the environment and economy development of both countries. Some key differences are outlined as follows:

Therefore, after thorough examination of empirical and literature on both the UK and Nigeria SMEs, the researcher concluded that they are distinctively different resulting from the environment and economic development of both countries, hence the differences are outlined as follows:

Access to Finance: according to World Bank report (2013) in Nigeria, only 5 percent of SMEs were granted bank loans; while this figure is 15 percent for their UK counter-parts (European Commission 2013). However, there are other ready sources available apart from the commercial bank loans, such as private loans companies, building society and co-operatives where UK SMEs can apply for a long- or short-term loan, which is not the case in Nigeria. According to OECD (2006), Nigerian SMEs rely more on non-bank sources of financing which includes retained earnings, family savings and network resulting for inability to provide collateral by money lenders and commercial banks (Satta 2003).

Manufacturing: though this sector varies, during 2000 and 2013, the UK manufacturing GDP is estimated at \$16 billion and 10 billion respectively; while that of Nigeria in the same period stood at \$4 billion and 2 billion (World Bank 2013; 2000) indicating significant differences regarding job creation, revenue generation and economic development.

Access to Amenities: such amenities include networking, workshops, seminars, forum and region ecosystems that monitor SME growth. These kind of amenities help to stimulate growth and also form a strong voice to tackle local and central government by-laws and legislations which makes it harder for SMEs to operate; national and regional administrative bodies, professional services firms, capital providers and other cooperate organisations seeking to optimise their supply chains. Many of the UK SMEs also formed partnerships with the universities to help improve their performance; these sorts of amenities are more effectively managed here in the UK than in Nigeria.

Infrastructure: studies conducted by Hagén and Zeed (2005) and Brynjolfsson and Hitt (2003) revealed that infrastructure such as information technology and systems enhance productivity and growth for organisations regardless of the size. Based on this analysis, IT becomes the lifeline of SMEs and the entire system here in the UK, while many of the SMEs in Nigeria don't have a workable system they could use to enhance their products and increase efficiency. Similarly, access to public transport systems is good for the SMEs and the customers; while the condition of many the roads that lead to SMEs location are appalling in Nigeria. The poor nature of the roads is one of the key hindrances of SMEs performance and supply chain management in that region.

Research & Development (R&D): based on literature reviewed and empirical studies conducted over the years; there is clear indication that in-house training and R&D gives rise to growth and competitiveness. Through R&D units located within organisation's learning, the unit can become a problem solver for the business such as production and marketing issues. However, embarking on research and development requires substantial resources for its success these factors can easily be resolved here in the UK as most SMEs form partnerships with various research centres, government agencies, interest groups and universities with enormous resources at their disposal to fight their course for competitiveness. Grounded on the qualitative data collection stage and contacting the sample

SMEs, it is evidently proven that SMEs in the chosen location lack training, research and development result from limited resources and serious government participation.

Also, the UK government has in place an R&D scheme where an SME can claim back their expenditure on research and development projects, such a scheme is not available or easily accessible in Nigeria.

Employment generation; Aremu *et al.* (2014) described SMEs as a survival strategy for employment generation, also as an engine for economic growth that promotes equity development in Nigeria. They also see the sector to generate employment with little resources; therefore, these little resources tend to create limitations and hamper SMEs' expansion as many of the SMEs initial start-up capital originate from owner's savings, family or friends lending's due to lack of collateral to secure substantial loans from the commercial banks for large start-up.

Although the federal Government of Nigeria set up N200 billion for a Credit Guarantee Scheme (CGS) for operational SMEs, the eligibility and conditions for accepting applicants are based on meeting numerous conditions (Uko 2012). These conditions arguably hamper existing SME development and discourage new entrants. Similarly, the UK SMEs do not suffer the same fate from similar government credit schemes. According to the Department for Business and Skills (BIS 2012) there are different sources of funding for SMEs; such funding comes from The Business Angels (TBA), who provide finance for the early stage SME start-up.

The UK Government also put in place other intervention measures to address financial market failures issues faced by the SMEs; these include; (1) *Enterprise Finance Guarantee* (EFG) a loan guarantee scheme similar to that of Nigeria but distinctively different with conditions and legibility.

The overall aim from the UK Government is to help address the market failure and those SMEs that lack collateral by provide government guarantee loan up to 75 percent, (2) *Enterprise Capital Funds*. This is a commercially managed capital funds that provide

finances to high growth SMEs seeking up to £2m of finance. The government contributes two thirds of the required capital for an SME.

In summary, based on the above analysis it can be agreed that SMEs are indispensable components in UK and Nigerian economic development, however, with the few points outlined it can also be agreed that Nigerian SMEs are distinctively different from those in the UK, these key differences between Nigeria with developing SMEs and the UK with developed SMEs as centre focus which lead to developing the a strategic PM framework to significantly help the developing SMEs in Nigeria achieve their business objectives.

9.9 Conclusions

Firstly, this study has striven in its course to achieve the main aims, objectives and effectively answer the key questions as highlighted in chapter 1, section 1.4, and to broaden the study scope through the review of various literatures on business performance and specifically on SMEs' performance and management.

Secondly, as intended, the study also looked at various performance measurement frameworks, tools and models in order to sufficiently appraise and ascertain their practicality and suitability and subsequent adoption for this study, as shown in chapter 2.

Thirdly, performance measurement systems were studied to help gain knowledge. The rationale was to find a suitable definition for this study; hence, it was discovered to have no universal acceptance. Based on that, this study defines performance measurement system to add to the existing ones (see chapter 2, section 2.4.2 and figure 2.7).

SME definitions were also looked at in global perspectives to understand the momentum, and the role played globally on economic development and job creation, on that viewpoint and specifically focused on the Nigerian economy and the contributions towards her development through the SMEs (chapter 3: section 3.3). To stay the course, not to deviate from the study aims, the role of PM Systems in SMEs was extensively reviewed and a conceptual framework developed with various propositions for wider coverage, and to help gain knowledge on SME determinants, enablers and strategy implementation.

Various dimensions of performance were also looked at for better understanding of the alignment with strategy in chapter 4. This approach was to sufficiently understand performance measures, systems and its implementation process in SMEs, what should or should not be measured and to lay groundwork for the study in the chosen location and to strategically answer the research questions, and to evaluate the study's aims and objectives.

Similarly, to effectively study the underlying cause of SMEs' lack of performance that further lead to failures in the chosen location as intended, an instrument was developed through expert opinions and views regarding the question wording, structure and to ensure that the right question was asked that target specific areas in SMEs businesses.

The developed instrument was tested through prior design and purposive principles for smooth running and collection of quantitative data, which involved various stages as outlined in the research design strategy; see chapter 4.

Moreover, collecting the data is one thing; on the other hand, the data analysis and interpretation is vital to understanding the phenomenon as it occurs, and was a great task for this study. On that notion, the researcher strives by ensuring that the reporting was made with simplicity after due consultation with experts within the area domain; their views and opinions were taken into account, which lead to analysing the data with the use of SPSS software, interpreting and reporting the overall response from the respondents as it occurred and eliminating any bias.

The study also applied case studies as intended to appraise performance measurement systems present in the two organisations, with subsequent comparison analysis to help establish performance measurement system within the chosen organisations. This approach further broadened the study and helped to establish issues faced by the two organisations and performance key determinants and draw conclusions in addition to other data collected to the causes of SME failures in the study location; these outlined approaches successfully directed this study from start to finish as intended.

Based on the preceding discussions and facts presented, northern Nigeria SMEs require an effective PM System to help tailor their management and increase performance for the stakeholders. Therefore, it must be stressed that a PM System requires flexibility, a daily-

integrated approach to effectively coordinate each business function, especially with the manufacturing SMEs.

The PM framework developed for northern Nigerian SMEs was developed, implemented and tested for accuracy through observation of performance improvement in organisations; and validated to eliminate the weaknesses observed during the data collection. The conceptual framework with a business excellence concept is coordinated through leadership and management ideas incorporated into the framework which the SMEs will find it helpful in managing their business through good leadership.

Finally, based on the key determinants and success factors discussed earlier and effective PMS framework, it is necessary for the sector to remain dynamic, given the leading role the sector played in Nigerian economic development and job creation. Moreover, attracting investors is vital, which requires significant networking, government incentives and an increase in financing opportunities created in partnership with various financial institutions. These incentives will in turn benefit many of the SMEs, if not all, and it also benefits the local community where these businesses are positioned locally for job creation. Creating an enabling environment for the Nigerian SMEs, like their UK counterparts, would also support, such as refinancing schemes and flexible conditions for the existing SMEs and the new entrants.

9.10 Recommendations for Future Study

This study involves the development of an effective PM model for SMEs business performance, management and its effectiveness, designed to address SME's inefficiencies and help the business in profit-making and growth. On a strategic point of view, PMS design implementation and management could be directed to include internal and external processes and daily operations that must not be ignored. This study has striven in its ultimate best to addressing most, if not all, of its aims and objectives in spite of various hindrances that give rise to recommending more studies in this domain.

The framework created by this study addresses many issues affecting SMEs in northern Nigeria grounded on Business Excellence Models and Management Concepts; it also outlines the dimension of performance and key success factors and indicators. Exploring other regions

in Nigeria will be a ground-breaking study to uncover factors affecting the SME's performance in those areas. The study will generate significant data for analysis for a clearer picture of Nigerian SMEs, internal processes and management capabilities that could potentially attract investors into the country for job opportunities and boost the economy for the masses.

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Appendix 1 – Ethical Approval

See CU Ethic Online No: P1365-Approved

16 Principal Investigator's Declaration

Please ensure that you:

- Tick all the boxes below that are relevant to your project and sign this form.
- Students must get their Director of Studies to countersign this declaration.

I believe that this project does not require research ethics approval. I have completed Sections 1-2 and kept a copy for my own records. I realise I may be asked to provide a copy of this form at any time.	
I request that this project is exempt from internal research ethics review because it will be, or has been, reviewed by an external Research Ethics Committee. I have completed Sections 1-4 and attach/will attach a copy of the favourable ethical review issued by the external Research Ethics Committee. Please give the name of the external Research Ethics Committee here:	n/a
I request an ethics review and confirm that I have answered all relevant questions in this form honestly.	✓
I confirm that I will carry out the project in the ways described in this form. I will immediately suspend research and request a new ethical approval if the project subsequently changes the information I have given in this form.	✓
I confirm that I, and all members of my research team (if any), have read and agree to abide by the code of research ethics issued by the relevant national learned society.	✓
I confirm that I, and all members of my research team (if any), have read and agree to abide by the University's Research Ethics, Governance and Integrity Framework.	✓

Signatures

If you submit this form and any attachments by e-mail, you should type your name in the signature space. An email attachment sent from your University inbox will be assumed to have been signed electronically.

Principal Investigator

Signed: *Sunny Akpabot*..... (Principal Investigator or Student)

Date: **1/10/2012**

Student submitting this form by email, must append to it an email from your Director of Studies confirming that they are prepared to make the declaration above and to countersign this form. This email will be taken as an electronic countersignature

Student's Director of Studies

Countersigned:  (Director of Studies)

Date: **05/10/12**.....

I have read this form and confirm that it covers all the ethical issues raised by this project fully and frankly. I also confirm that these issues have been discussed with the student and will continue to be reviewed in the course of supervision.

For office use only

Initial assessment

Date form initially received:	01/09/2011	
1. Date form initially received:	Yes	
2. CRB check required		NO
Exempted submitted to an external Research Ethics Committee		
3. External Research Ethics Committee (Name)		No
4. Copy of external ethical clearance received	N/A	
Ethics Panel Review		
5. Date sent to reviewer 1: Dr Caty Graley	01/09/2011	
6. Date sent to reviewer 2 (Professor Marylyn Carrigan)	08/10/12	
Original Decision (Consultation with Chair UARC/Chair RDSC)		
7. Approve	Yes	
8. Approve with conditions (specify)	Yes	
9. Resubmission	Yes	
10. Reject		No
11. Date of letter to applicant:		
Resubmission:		
12. Date of receipt of resubmission		
13. Date sent to reviewer 1 (Professor Marylyn Carrigan)	08/10/2012	
14. Date sent to reviewer 2 (Name)		
Final decision recorded (Consultation with Chair UARC/Chair RDSC)		
15. Approve	Yes	
16. Approve with conditions (specify)		No
17. Reject		No
18. Date of letter to applicant:		

Signature: Professor Marylyn Carrigan ----- (Chair of UARC/Chair RDSC)

Date: 31/10/12

Appendix 2 – Survey Instrument



**Faculty of Business, Environment & Society
Department of Strategy & Applied Management**

Performance Measurement System (PMS) Research

Survey Questionnaire

This item has been removed due to 3rd Party Copyright. The unabridged version of the thesis can be found in the Lancaster Library, Coventry University.

STRICTLY PRIVATE AND CONFIDENTIAL

Hi,

My name is Sunny Akpabot and I am currently undertaking research for my PhD studies at Coventry University. This survey is to help create an understanding of organisational Performance Measurement System (PMS), why organisations have embraced PMS and to confirm prior research into what the motivations are and how PMS is subsequently managed to improve business performance.

The questionnaire aims to collect data and information towards the completion of this research. The research aim is to inquire and fill the gap in previous research as to why organisations embrace PMS and how they have subsequently managed their PMS to improve their business performance over their competitors.

The main purpose of the research is to explore this theme more deeply as performance measurement system is a wide area incorporating many different organisations with different systems in place in measuring their performance. The information gathered is for academic purposes which would help to increase knowledge and highlight ways of improvement for other organisations.

Your response will be treated in utmost confidence and you are not obliged to disclose your details and that of your organisation. The questionnaire is anonymous unless expressly indicate otherwise.

Thank you for your cooperation.

Yours truly,

Sunny Akpabot

Consent Questionnaire

I have read and I understand the purpose for this study.

☐

By handing this questionnaire back to you, completed, I am giving my consent for you to use my questionnaire answers in this research study.

☐

I understand that I have the right to withdraw my questionnaire at any point by contacting the researcher using the details above and quoting the participant reference code written at the top of this questionnaire.

☐

I have made a note of my participant reference number

☐

Performance Measurement System (PMS) Survey Questionnaire

Please follow the instructions under each section and response to the questions regarding your opinion on PM System's in your organisation. All the information provided will be treated in strict confidence; you and your organisation will not be identified.

Section [A]: Background Information

Please answer each question by ticking the box that relates to you.

Please write below the specify city where your organisation operates from

--

1. Personal Information:

What is your gender? (0)=Male [] (1)=Female []

What is your age group? (1)=18-24[] (2)=25-34[] (3)=35-44[] (4)=45-54[]
(6)=55-64[]
(7)=65+ []

2. What is your Role/Position in this organisation?

(1)=Director [] (2)=Managing Director [] (3)= G. Manager [] (4)=Manager []
(6)=Assistant Manager
[] (7)=Officer [] (8)=Other []

3. Years in business since established:

(1)=Less than 1 year [] (2)=1 – 5 years [] (3)=6 – 10 years [] (4)= 11 – 15 years []
(5)= 16 – 20 years [] (6)= 21 – 25 years [] (7)= 26 – 30 years [] (8)= 31+ years []

4. Please indicate the number of employees in this organisation

(1)=1-10[] (2)=11-30[] (3)=31-50[] (4)=51-70[] (5)=71-100[] (6)=101-150[]
(7)=151-200[]
(8)=201-250[] (9)=251+ []

Section [B]: PM System Implementation

Please tick as appropriate in the following questions

5. What kind of performance measurement **system** does your organisation **currently** have in place?

- 1= [] Strategy measurement
- 2= [] Financial measurement
- 3= [] Human resource measurement
- 4= [] Customer feedback/satisfaction measurement
- 5= [] Other: _____
- 6= [] None of the above

6. Which of the following tools or **model** does your organisation use to measure performance?

- 1= [] Balanced Scorecard
- 2= [] Total quality management (TQM)
- 3= [] EFQM Excellence model
- 4= [] Key Performance Indicator (KPI)
- 5= [] Benchmarking System
- 6= [] Other: _____
- 7= [] None of the above

7. What **prompted** (**motivation**) your organisation to implement that **pm system**?

- 1= [] To identify likely needs for strategy changes
- 2= [] To justify the use of resources
- 3= [] To enhance decision making at the senior-management level
- 4= [] To ensure stakeholders requirements are met
- 5= [] To support the decision at the operating level
- 6= [] To identify quality issues and areas for improvement
- 7= [] To provide feedback and monitor individual performance levels
- 8= [] Other: _____

8. What is the main **hindrance** of **performance** measurement implementation in your organisation?

1= ☐ Lack of performance knowledge among the employees

2= ☐ Lack of resources to execute them

3= ☐ The PM Systems are complex and we lack the knowledge to adapt it to suit our needs

4= ☐ Not applicable to our organisation

5= ☐ Other: _____

9. How do you rate your organisation's performance? (**P. rating**)

1= ☐ Very good

2= ☐ Good

3= ☐ Neutral

4= ☐ Poor

5= ☐ Very poor

Section [C]: Measures Implementation

12. The following statements relate to your organisations performance measures. Please read carefully and indicate how you think each statement applies to your organisation, and tick either **yes** or **no** for each question.

	Ye	Or	No
Leadership and planning			
Does your organisation have a formal planning process such as regular meetings or written documents that <u>sets its goal?</u>			
Does your organisation have a vision/ <u>mission statement?</u>			
Does your organisation promote the <u>company value</u> to its workforce?			
Does your organisation have set of procedures known to all staff that they can adhere to when <u>dealing with customers complaints?</u>			
Do your staffs other than the sale and marketing <u>visit</u> your firm's major <u>customers?</u>			
Does your organisation often measure <u>customer's satisfaction?</u>			
To an extent does your organisation works with customers <u>on product or services</u> improvement/development?			
Over the past years, does your organisation put in place any measure to reduce <u>environmental impact</u> on business?			
Does your organisation have or making any plan to implement a system to gain <u>certification</u> such as <u>ISO 14000?</u>			
Supplier and Quality Focus	Yes	Or	No
Does your organisation work <u>closely</u> with the <u>supplier</u> to improve product quality?			
Does your organisation have systems in place to <u>measure</u> the <u>quality</u> of input sent by all the suppliers?			
In the case of <u>defects</u> , does your non-management staff have the authority to contact the supplier (s)			
Does your organisation encourage non-management employees <u>to identify problems</u> or <u>suggest</u> ways for improvement to product or services?			
Does your organisation have or plan to implement systems to advance <u>quality management</u> systems <u>certification</u> such as ISO9000?			
Employee Practices	Yes	Or	No
Does your organisation measure <u>employee satisfaction?</u>			
Does your organisation have a <u>formal performance review</u> system that is recognised and regularly used?			
Does your organisation provide <u>in house training</u> for employees?			
Does your organisation provide <u>external training</u> employees?			
Does your organisation practice <u>job rotation</u> among its employees?			

Information and Benchmarking	Yes	Or	No
Does your organisation have a process in place to <u>manage</u> the storage and retrieval of <u>information?</u>			
In the last <u>3years</u> has your organisations <u>performance improve</u> compare to your <u>competitors?</u>			
Does your organisation have a department, <u>expert or</u> personnel that regularly review whether the company <u>goals are achieve?</u>			
In the last 3 years have your organisation's <u>operational measures</u> improve compare to your competitors such as <u>on time delivery</u> and assets utilisation?			
In the last 3 years has your organisation's <u>cost measures improve</u> compare to its competitors, such as innovation and new value added?			
In the last 3 years have your organisations <u>measures</u> improved compared to your competitors such defect rates and customers complaints?			
In the last 3 years has organisations <u>human resources</u> including <u>job satisfaction</u> improved compared to your competitors?			
Does your organisation closely <u>monitor competitor's products or services?</u>			
Technology & Innovation	Yes	Or	No
In the last 3 years has your organisation management and <u>operating systems changed?</u>			
Does your organisation have equipment that is used in the production of business main goods and services compare to your competitors?			
In the last 3years has your organisation invest in <u>new machinery</u> or equipment to improve its products or services?			
In the last 3 years how often did your organisation undertake <u>in-house</u> research and development?			
Has your organisation's <u>technology changed</u> in the last 3years?			
Strategy	Yes	Or	No
Does your organisation <u>often</u> change it <u>strategy?</u>			
Is your organisation <u>strategy</u> based on target market, customer or environment?			
Does your organisation provide <u>new product</u> to <u>new market?</u>			
Is your organisation developed <u>strategy reviewed</u> and updated <u>periodically</u> based on information from customers, performance measurement or environment?			
Is your organisation developed <u>framework based</u> on <u>strategy?</u>			

Performance Result and Outcome (1)

13. For each question please tick a single answer that most applies to your organisation.

How well does your organisation agree with the following statements	Strongly agree	Agree	Neither agree nor disagree	Strongly disagree	Disagree
This organisation has better performance in terms of cost in comparison to its major competitors?	1	2	3	4	5
This organisation has better performance in terms of quality in comparison to its major competitors?	1	2	3	4	5
This organisation has better performance in terms of product or services innovation in comparison to its major competitors?	1	2	3	4	5
This organisation has better performance in terms of customer satisfaction in comparison to its major competitors?	1	2	3	4	5
This organisation has better performance in terms of employee satisfaction in comparison to its major competitors?	1	2	3	4	5
This organisation has better performance in terms of social responsibility in comparison to its major competitors?	1	2	3	4	5
This organisation has better performance in terms of flexibility in comparison to its major competitors?	1	2	3	4	5
The proportion of goods or services your organisation delivered on time , in full and to specification to your customers has improved?	1	2	3	4	5
In the last 3yrs has your organisation offered new product or services to its customers?	1	2	3	4	5

Performance Result and Outcome (2)

14. Please estimate over the last 12 month how large the following have been as **percentage** of total sales in your organisation?

(A). **Returns/money back:**

- ☐ 0%
- ☐ 1%
- ☐ 3%
- ☐ 5%
- ☐ over 5%

(B). Defects:

- ☐ 0%
- ☐ 1%
- ☐ 3%
- ☐ 5%
- ☐ over 5%

15. In the last 12 months please estimate what **percentage of** your organisation's total **income are invested** on employee's **education and training?**

- ☐ 0%
- ☐ 1%
- ☐ 3%
- ☐ 5%
- ☐ over 5%

16. Please **estimate** the **cost of scrap, rework,** error and inspection on products or services rendered to customers in the last 3years.

- ☐ 0%
- ☐ up to 1%
- ☐ 1- 5%
- ☐ 6-10%
- ☐ 11-15%
- ☐ more than 15%

17. How many of your **employees** are **capable** of doing more **than one job?**

- ☐ none
- ☐ a few
- ☐ many
- ☐ all

Thank you for your participation and valuable contribution

Appendix 3 – Interview Questionnaire



Faculty of Business, Environment & Society

Department of Strategy & Applied Management

Performance Measurement System (PMS) Research

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STRICTLY PRIVATE AND CONFIDENTIAL

Introduction

My name is Sunny Akpabot and I am currently undertaking research for my PhD studies at Coventry University. This interview is to help create an understanding of organisational Performance Measurement System (PMS), why organisations have embraced PMS and to confirm prior research into what the motivations are and how PMS is subsequently managed to improve business performance.

The interview aims to collect data and information towards the completion of this research. The research aim is to inquire and fill the gap in previous research as to why organisations embrace PMS and how they have subsequently managed their PMS to improve their business performance over their competitors.

The main purpose of the research is to explore this theme more deeply as performance measurement system is a wide area incorporating many different organisations with different systems in place in measuring their performance.

The information gathered is for academic purposes which would help to increase knowledge and highlight ways of improvement for other organisations, your views will be treated in strictest confidence

Thank you for your cooperation.

-
- The participant signature must be witnessed by the researcher
 - A signed copy of the consent and consent questionnaire must be given to the participant for their record

The Consent Statement

<p style="text-align: right;">Participant Reference No: _____</p> <p>I have read and understand the main purpose why I and my organisation are participating in this interview and by signing below I consent to participate in this study.</p> <p>I understand that I have the right to withdraw from the study without giving a reason at any time during the interview itself.</p> <p>I understand that I also have the right to change my mind about participating in the study for a short period after the interview has concluded.</p> <p>Signed: _____</p> <p>Print Name: _____</p> <p>Date: _____</p> <p>Researcher's Signature: __Sunny Akpabot__</p> <p>Date: _____</p>
--

Introduction (Interviewer)

Interviewer: Sunny Akpabot
Institution/University: Coventry University, Faculty of Business, Environment & Society. Department of Strategy & Applied Management.
Research Area/Topic: STUDY OF PERFORMANCE MEASUREMENT PRACTICES IN NIGERIAN SMEs: Case Study of Northern Nigeria

Name of participant: [optional] _____

Organisation: [optional] _____

Address: [optional] _____

Contact _____ No: _____ [optional]

Email: [optional] _____ Website: [optional] _____

Section A: General questions

QUESTIONS	ANSWERS (Audio)																																										
1. What is your gender? Male: [] Female: []																																											
2. What is your age group? (a). 18-24[] (b). 25-34[] (c) 35-44[] (d) 45+ []																																											
2. Would you be happy to be identified or your organisation named in this research or would you prefer to be kept confidential?																																											
3. What is your position/role in this organisation?																																											
4. What business sector does your organisation represent?																																											
5. Do you have a specific line of production or operation?																																											
6. Total numbers of employees for this establishment?	<table border="1"><thead><tr><th></th><th colspan="3">Full-Time</th><th colspan="3">Part-Time</th></tr><tr><th></th><th>Male</th><th>Femal e</th><th>Total</th><th>Male</th><th>Femal e</th><th>Total</th></tr></thead><tbody><tr><td>Paid</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Unpai d</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Traine e</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Total</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table>		Full-Time			Part-Time				Male	Femal e	Total	Male	Femal e	Total	Paid							Unpai d							Traine e							Total						
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Total																																											
7. No of branches	UK: [] Worldwide [including or excluding UK?]: []																																										
4.Would you consider your organisation to be:	<u>Small: under 50</u> [] <u>Medium: 50-250</u> [] <u>Large: over 250</u> []																																										

Section B: Performance measures

The following questions are designed to outline the importance of your organisation regarding the goods and services rendered to customers, and how efficient you think the process is. The idea is to generate an understanding of how the current performance measuring system operates and managed within your organisation.

The purpose is to explore your organisations performance and the motivating factors why your organisation embraces the current system and how this system has helped the organisation to achieve its objectives better than your competitors.

This would effectively enable the researcher to understand:-

- *How well your organisation is doing*
- *If you are meeting the set goals or targets*
- *If your customers are satisfied*
- *Where and when improvement can be made*

The information gather would help to construct a framework for your organisation to improve performance measurement systems in comparison to your competitors.

Interview Guidelines

The questions are generated from the seven strategic areas that underpin the success of any organisational performance. These areas are following areas:

Sets of Performance Management	Key Focus Areas
1. Evaluation: Q1	Financial/ non- financial performance and business effectiveness.
2. Control: Q2	Organisations internal success.
3. Budget: Q3	The relevant programmes and its internal success.
4. Motivate: Q4	Organisational success, applying the right approach to motivate various stake holders to improve performance.
5. Promote: Q5	Aligning the necessary programmes and to ensure the organisations stakeholders that the business is in the right direction.
6. Celebrate: Q6	Better results due to management relevant and management success.
7. Learn: Q7	Reflecting on what went right and what went wrong.
8. Improve: Q8	Reflecting on the overall performance[Financial/non-financial, management approach towards performance effectiveness]

These six strategic areas that underpin the success or failure of your organisations performance, the concept is to enhance in assessing the overall performance across all sections within your business for the purpose of generating information for this research.

Questions for the participant

1. How would you describe your organisation's current performance compared to 12 months ago?
 2. How does your organisation measure performance?
 3. What sort of performance measurement system do you currently have in place?
 4. How does your organisation measure performance of your employee's e.g. performance reviews and how effective is this?
 5. Where would you consider allocating more resources to improve performance within your organisation, and Why?
 6. In what ways do you think you motivate your workforce?
 7. What business value does your organisation promotes among customers, workforce and shareholders?
 8. Looking back over the last 3years in terms of growth, is there anything you would have done differently?
 9. Would this be to improve specific or general performance?
-

❖ **Participants** general views or opinion about the research

End of interview and thank you for your time

Appendix 4 – Interview Response Coding

Table 7.4 Coded Responses from the Sampled SMES

Question No (Coded)	SME/ Company	Coded Interview Responses																
		IQ001 - What is your gender	IQ002 - What is your age group?	IQ003 - What is your position/role in this organisation?	IQ004 - What is your position/role in this organisation?	IQ005 - What business sector does your organisation represent?	IQ006 - Do you have a specific line of business or operation?	IQ007 - No of Employees? (40): Male (-) and Female (-)	IQ008 - Would you consider your organisation to be S, M or larger?	IQ009 - How would you describe your organisation's current performance compared to 12 months ago?	IQ010 - How does your organisation measure performance?	IQ011 - What sort of PMS do you have in place?	IQ012 - How does your organisation measure performance of your employees i.e. performance reviews and how effective is this?	IQ013 - Where would you consider allocating more resources to improve performance within your organisation and why there?	IQ014 - In what ways do you think you motivate your work force/employees?	IQ015 - What business value does your organisation promote among customers, workforce and shareholders?	IQ016 - Looking back over the past 24 months in terms of growth, is there anything you would have done different with hindsight?	IQ017 - What would you have done differently to improve performance?
IQ001	Company	F	AGP3	MD	ITC	ITC	ITA	36	S	GP	TTS	NONE	PRA	PGF	PPL	NONE	NOTHING	ICSB
IQ002	Company	M	AGP4	MD	AVA	AVA	TTS	7	S	PP	TPF	TAFP	NONE	RIV	NONE	GRL	YES	IMP
IQ003	Company	F	AGP2	CEO	ITC	ITC	BSC	8	S	VGP	CFB	FBS	NONE	AME	FII	TTIS	YES	CME
IQ004	Company	M	AGP2	MD/CEO	ITC	ITC	SPR	4	S	GP	TFB	FBS	PRW	EAT	CIN	OND	YES	CME
IQ005	Company	F	AGP4	MD	SER	SER	BUH	6	S	PP	FRC	NONE	NONE	RIV	NONE	NONE	NOTHING	RIN
IQ006	Company	M	AGP3	GM	SER	SER	PHI	17	S	PP	ACS	FPS	FIN	RIV	TRN	GRL	YES	IOT
IQ007	Company	F	AGP3	MD	RET	RET	HEL	4	S	PP	TTS	FPS	NONE	RIV	CIN	NONE	NOTHING	EXP
IQ008	Company	M	AGP4	COO	ITC	ITC	ITP	4	S	PP	FEB	FPS	NONE	RIV	NON	STF	YES	ANE
IQ009	Company	M	AGP3	MD	COM	COM	IAS	20	S	GP	FIS	FID	TRN	EXP	FII	GRL	NOTHING	INM
IQ010	Company	F	AGP3	SADM	EDU	EDU	LPR	22	S	VGP	FAA	FPS	TSPS	ACC	TACI	PRM	YES	RAE
IQ011	Company	M	AGP4	MD	MAN	MAN	BBP	47	M	GP	FIS	TQM	TKP	PRO	TACI	SRD	YES	MAE
IQ012	Company	M	AGP4	GM	CON	CON	CON	83	M	PP	TTS	FID	TRN	PIM	NONE	DAP	DONE MORE	RNM
IQ013	Company	F	AGP3	D	MAN	MAN	TAF	37	M	PP	NTS	FPS	NONE	DIN	CIN	NONE	GOOD LOCATION	RAI
IQ014	Company	F	AGP3	D	MAN	MAN	PRI	72	M	GP	NTS	TQS	ATT	MIP	TAB	DSS	YES	NEM
IQ015	Company	M	AGP4	D	TRN	TRN	SAD	103	M	PP	NTS	NONE	NONE	RIP	CIN	NONE	YES	OBSS
IQ016	Company	F	AGP4	CEO	ENT	ENT	FFP	57	S	PP	TTS	NONE	NONE	EQP	TAP	GRL	YES	CMSS
IQ017	Company	M	AGP4	MD/CEO	CON	CON	BUL	104	L	GP	FEB	NONE	TRN	PRD	NONE	ITG	NOTHING	ASE

Table 7.5 Essential Coding and Narrative Sheet

Segment	Field	Description	Representation	
A&B	ID IQ01-17	Coding Format	IM →	Internal Measures This covers SME's overall internal performance
			GC →	General Code The codes addressed each of the seven specific questions asked during the interview, separates the coding within the context of each performance question
B	PM	Key Focus Areas	AL →	Related Eight codes representing the main strategic areas of performance
				EVL – Evaluation: CON – Control: BUG – Budget: MOT – Motivate: PRM – Promote: CEB – Celebrate LRN – Learn: IMP – Improve
A	GQ		GC →	Related – Nine codes each representing section A & B of the interview questions AGP –Age Group: AGP1 – (18-24): AGP2 –(25-34): AGP3 – (35-44): AGP4 – (45+) PST – Position: (PST1 – CEO): (PST2 – MD): (PST3 – Director): (PST4 – GM): (PST5 – Administrator) EPN – Employee No; (EPN1 – 1-49): (EPN2 – 50-249): (EPN3 – 250+) OGS – Organisation Size; (OGS1 – Small under 50): (OGS2 – Medium 50-250): (OGS3 – Large 250+)
B	IQ	Location of the discussion within the transcript	Range →	1 to 9IQ In section B 1. This is the main interview section 2. Specific questions were asked to help determine SME's PMS initiative and motivation
Notes: IQ: Interview Question; GQ: General Questions; PM: Performance Measures; QC: General Code				